

## **POOR LEGIBILITY**

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October 28, 2013

CHRISTINE R. WADL  
DIRECT 415.243.2088  
chris@sslawfirm.com

***VIA U.S. MAIL***

Andrew Taylor  
Case Developer  
United States Environmental Protection Agency  
75 Hawthorne Street, SFD-7-5  
8th Floor Mail Stop  
San Francisco, California 94105

Re: 104(e) Request for Information – San Fernando Valley Area 2 Superfund Site;  
Real Property located at 1 W. Alameda Ave., Burbank, CA

Dear Mr. Taylor:

We represent the Prudential Insurance Company of America (“**Prudential**” or “**Company**”). Please accept this letter and attachments as a supplemental response to Ms. Kathi Moore’s January 23, 2013 letter (the “**Request**”).

In the Request, the Environmental Protection Agency (“**EPA**”) seeks information regarding Prudential’s ownership of the real property located at 1 W. Alameda Ave., Burbank, California (the “**Site**”) from 1980-1988. The Request sought a supplemental response if additional information or documents became available after Prudential’s initial response.

Prudential provided an initial response to the Request by letter dated March 26, 2013 (the “**March 2013 Submission**”). Prudential subsequently located additional information and documents regarding the Site. This letter supplements Prudential’s initial response accordingly.

The supplemental responses to the Request contain your numbered questions in bold italicized font, followed by Prudential’s response in plain type. Documents responsive to the numbered questions are included with this response, copies of which are provided herewith with corresponding numbered tabs. The numbered tabs continue the sequence begun in the March 2013 Submission.

***[Remainder of page intentionally left blank.]***

***ATTACHMENT B: INFORMATION REQUEST***

- 1. Evidence obtained by EPA indicates that The Prudential Insurance Company of America owned real property at 1 W. Alameda Ave., Burbank, CA from 1980—1988. State the full legal name, address, telephone number, position(s) held by, and tenure of the individual(s) answering any of the questions below on behalf of The Prudential Insurance Company of America (the “Company” or “Prudential”).***

[No change in response.]

- 2. Identify the individuals who are or were responsible for environmental matters at the Company’s facility located at 1 W. Alameda Ave., Burbank, CA (the “Facility”). Henceforth, the term “Facility” shall be interpreted to include both the real property at 1 W. Alameda Ave., Burbank, CA and any improvement thereto. For each individual responsible for environmental matters, provide his/her full name, current or last known address, current or last known telephone number, position titles, and the dates each individual held such position.***

This response replaces the response provided on March 26, 2013.

There are no individuals currently responsible for environmental matters at the Facility.

Prudential does not have any records identifying any individuals who may have been responsible for environmental matters at the Facility.

- 3. Explain the Company’s present operational status (e.g., active, suspended, defunct, merged, dissolved, etc.).***

[No change in response.]

- 4. Provide the date the Company was incorporated, formed, or organized. Identify the state in which the Company was incorporated, formed, or organized.***

[No change in response.]

***[Remainder of page intentionally left blank.]***

5. ***Identify the business structure (e.g., sole proprietorship, general partnership, limited partnership, joint venture, corporation, etc.) under which the Company currently exists or operates and identify all former business structures under which it existed or operated since its inception.***

[No change in response.]

6. ***For each business structure under which the Company has existed or operated at the Facility, provide the corresponding dates that it existed or operated under that business structure, the name(s) it used, and the Facility addresses at which it operated or was otherwise located.***

[This response replaces the response provided on March 26, 2013.]

The Prudential Insurance Company of America owned the Facility from May 1, 1980 until December 21, 1988. Prudential never operated at the Facility.

7. ***Provide a copy of the articles of incorporation, partnership agreement, articles of organization, or any other documentation (together with any amendments) demonstrating the particular business structure under which the Company has existed or operated since its inception.***

[No change in response.]

8. ***If the Company is or was operating under a fictitious business name, identify the fictitious name and the owner(s) of the fictitious name, and provide a copy of the Fictitious Business Name Statement filed with the county in which the Company is or was doing business.***

[No change in response.]

9. ***Identify and explain any and all sales of the Company's assets if the sale represented a sale of substantially all of the Company's assets.***

[No change in response.]

10. ***Identify and explain any investments by the Company in other businesses, companies, or corporations equating to 5% or more of that other business, company, or corporation from the formation of the Company to the present.***

[No change in response.]

11. *List the names, titles, telephone number(s), and current or last known addresses of all individuals who are currently or were officers and/or owners of the Company during any time that the Company was operating at the Facility, regardless of the business structure under which the Company is or was operated. Provide documentation of both the percentage of each individual's current or former ownership interest in the Company and the time period(s) during which he/she held this ownership interest.*

[No change in response.]

12. *Identify the dates the Company, under any of its current or former business structures, owned the Facility. Provide a copy of the title documentation evidencing the Company's ownership of the Facility.*

[This response replaces the response provided on March 26, 2013.]

The Prudential Insurance Company of America owned the Facility from May 1, 1980 until December 21, 1988. The document attached hereto as Document No. 4 states that Prudential acquired title to the Facility on May 1, 1980.

Prudential sold the Facility on December 21, 1988. The memorandum attached hereto as Document No. 5 includes copies of the Agreement of Purchase and Sale and Escrow Instructions ("PSA") by which Prudential sold the Facility, Amendment No. 1 to the PSA, and Amendment No. 2 to the PSA.

13. *For any period of time in which the Company, under any of its current or former business structures, owned the Facility, provide the name, address, and phone number of any tenant or lessee. Provide a copy of each lease, rental agreement, or any other document that establishes the Company's relationship to any other operators at the Facility.*

[This response replaces the response provided on March 26, 2013.]

Gleason National Corporation and/or its subsidiary Technibilt leased the Facility from Prudential as of May 1, 1980. See Document No. 6 (*See Exhibit B to Assignment and Assumption of Leases Executed by The Prudential Insurance Company of America, attached to Document No. 6.*) Prudential has been unable to locate a copy of the lease agreement. Document No. 7 includes the following addresses for Gleason National Corporation:

1 West Alameda  
Burbank, CA

4605 Lankershim Boulevard Suite 710  
North Hollywood, CA 91602

Gleason Steel Corporation (a subsidiary of Gleason Corporation)  
262 Prospect Ave.  
Milwaukee, WI

Prudential has the following addresses for Technibilt:

733-D Chestnut Street  
San Jose, California

14777 E Don Julian Road  
City of Industry, CA

Gleason National Corporation and/or its subsidiary Technibilt assigned its lease of the Facility to Whittar Industries, Ltd. and/or Whittaker Metals Corporation and/or Whittaker Corporation (hereinafter "**Whittaker**") on January 5, 1982. See Document No. 6. Prudential does not have a copy of the lease assignment. Document No. 8 discusses this transaction.

Document Nos. 4, 5, 6, 7, 9, 10, and 11 evidence Prudential's landlord/tenant relationship with the Gleason National Corporation, Technibilt, and Whittaker operator(s) of the Facility.

Western Studio Service, Inc. subleased the Facility from Technibilt and/or Whittaker on February 23, 1988. See Document No. 6. Prudential does not have a copy of the sublease agreement. Document No. 8 refers to the sublease.

14. ***Provide the dates that the Company, under any of its current or former business structures, operated at the Facility.***

[This response replaces the response provided on March 26, 2013.]

Prudential never operated at the Facility.

***[Remainder of page intentionally left blank.]***

15. *For any period of time in which the Company, under any of its current or former business structures, operated at, but did not own, the Facility, provide the name, address, and phone number of the Facility's owner. Provide a copy of each lease, rental agreement, or any other document that establishes the Company's relationship to the real property owner during the Company's occupancy of the Facility.*

[This response replaces the response provided on March 26, 2013.]

Prudential never operated at the Facility.

16. *Identify any individual or entity that owned or operated the Facility prior or subsequent to the Company. For each prior or subsequent owner or operator, further identify:*

- a. *The dates of ownership/operation;*
- b. *The nature of prior or subsequent operations at the Facility;*
- c. *All evidence showing that the prior or subsequent owner or operator controlled access to the property; and*
- d. *All evidence that a hazardous substance, pollutant, or contaminant was released or threatened to be released at the Facility during the period of prior or subsequent ownership or operation.*

[This response replaces the response provided on March 26, 2013].

Gleason National Corporation

- a. Gleason National Corporation owned the Facility until 1980, when Prudential purchased the Facility. At the time of sale, Gleason National Corporation leased back the Facility and it operated the Facility until approximately December 1981. See Document Nos. 5, 8, and 10.
- b. Gleason National Corporation engaged in the manufacture of materials handling equipment, shopping carts and tubular basket carriers. See Document Nos. 7, 8, and 10.
- c. Prudential never operated at the facility. Gleason National Corporation maintained daily control over the operations at the Facility.

- d. The documents evidence that Gleason/Technibilt/Whittaker conducted a chromium plating operation at the Facility dating back to the mid-1950s, long before Prudential had any ownership interest in the Facility. At all times before and during Prudential's ownership, Gleason/Technibilt/Whittaker controlled those operations and the Facility. At some point in time, perhaps in the mid-to-late 1980s, Gleason/Technibilt/Whittaker accepted responsibility for and remediated soil contamination.

#### Technibilt

- a. Technibilt operated at the Facility during Gleason National Corporation's ownership of the Facility. After Prudential purchased the Facility, Technibilt continued to operate the Facility as a subsidiary of Gleason National Corporation, and then as a subsidiary of Whittaker until 1986 or 1987. See Document Nos. 8, 9, and 10.
- b. Technibilt engaged in the manufacture of materials handling equipment, shopping carts and tubular basket carriers. See Document Nos. 7, 8, and 10.
- c. Prudential never operated at the facility. Technibilt maintained daily control over the operations at the Facility.
- d. The documents evidence that Gleason/Technibilt/Whittaker conducted a chromium plating operation at the Facility dating back to the mid-1950s, long before Prudential had any ownership interest in the Facility. At all times before and during Prudential's ownership, Gleason/Technibilt/Whittaker controlled those operations and the Facility. At some point in time, perhaps in the mid-to-late 1980s, Gleason/Technibilt/Whittaker accepted responsibility for and remediated soil contamination.

#### Whittaker

- a. Whittaker purchased Technibilt from Gleason National Corporation in or around December 1981. See Document No. 8. Whittaker therefore operated the Facility from approximately December 1981 until 1986 or 1987. See Document Nos. 5, 7, 8, 9 and 10. Whittaker continued to lease the Facility from Prudential until Prudential sold the Facility on December 21, 1988. See Document Nos. 5, 6, 10, and 11.



- b. Whittaker, through its subsidiary Technibilt, engaged in the manufacture of materials handling equipment, shopping carts and tubular basket carriers. See Document Nos. 7, 8, 10, and 11.
- c. Prudential never operated at the facility. Whittaker maintained daily control over the operations at the Facility.
- d. The documents evidence that Gleason/Technibilt/Whittaker conducted a chromium plating operation at the Facility dating back to the mid-1950s, long before Prudential had any ownership interest in the Facility. At all times before and during Prudential's ownership, Gleason/Technibilt/Whittaker controlled those operations and the Facility. At some point in time, perhaps in the mid-to-late 1980s, Gleason/Technibilt/Whittaker accepted responsibility for and remediated soil contamination.

Western Studio Service, Inc.

- a. Western Studio Service, Inc. subleased the Facility from Whittaker/Technibilt on February 23, 1988. See Document No. 6. Prudential does not have a copy of the sublease agreement.
- b. Prudential has not located information regarding the nature of Western Studio Service, Inc.'s operations.
- c. Prudential never operated at the facility. Whittaker/Technibilt and/or Western Studio Service, Inc. maintained daily control over the operations at the Facility.
- d. Prudential has not located information regarding hazardous substances releases at the Facility during Western Studio Service Inc.'s tenancy.

Charles Cusumano

- a. Charles Cusumano purchased the Facility from Prudential on December 21, 1998. See Document No. 5.
- b. Prudential has not located information regarding subsequent operations at the Facility.

- c. Prudential has no information and no documents regarding subsequent access to the Facility.
- d. Prudential has not located information regarding hazardous substances releases at the Facility during Cusumano's ownership.

**17. Provide a complete list of employees who had knowledge of the use of hazardous substances and disposal of wastes at the Facility during any or all of the period of time that the Company operated at or was otherwise associated with the Facility. For each employee listed, provide the following information:**

- a. *The employee's full name;*
- b. *The employee's current or last known address and telephone number, including the last known date on which you believe each address and telephone number was current;*
- c. *The dates that the employee worked at the Facility;*
- d. *The position(s) the employee held under any of the Company's business structures; and*
- e. *The employee's job title(s) and the corresponding dates during which the Company believes that the employee would have had knowledge of the use and disposal of wastes.*

[This response replaces the response provided on March 26, 2013.]

Upon information and belief, the following people may have relevant knowledge:

Name	Last Known Address	Last Known Telephone	Position(s) Held	Dates
Paula Kinnison	2049 Century Park East, Suite 2550, Los Angeles, CA 90067	213-284-2690	Investment manager	
John C. Hoffman	4 Prudential Plaza, Newark, NJ 07101	201-877-7044	Vice President	
J. Michael Welborn			Vice President	

Name	Last Known Address	Last Known Telephone	Position(s) Held	Dates
Chuck Lightner				
Ellen Blazoski				
Sue Colross				
George Peterson				
Elly K. Wei			Director	
Corby Gage			Associate Investment Manager	
Paul Rubacha			Director	
Sandy Lin				
Ana Perez	2049 Century Park East, Suite 2550, Los Angeles, CA 90067			
Patricia Spathes				
Nick Wuench				
Robert Rice	2029 Century Park East, Suite 3700, Los Angeles, CA 90067			

The information in the table above comes from Document Nos. 5, 7, and 10.

18. *Describe the size of the Facility, the approximate number of people employed by the Company at the Facility, and the product(s) manufactured or services performed by the Company at the Facility. Describe any significant change in Facility size, the number of employees, or the products manufactured over time.*

[This response replaces the response provided on March 26, 2013]

During the time frame and according to the documents, the Facility is approximately 175,550 square feet (4.03 acres) with a 120,000 square feet

rectangular tilt-up concrete industrial building. See Document Nos. 7 and 10. Prudential does not and has not employed anyone at the Facility. Prudential does not and has not manufactured anything or performed any services at the Facility.

19. *If any substance containing chromium as a component ("chromium-related substances") was utilized in any of the Company's operations at the Facility, provide a complete description of those operations. Indicate the approximate volume of chromium or chromium-related substances used per month at the Facility, the dates chromium or chromium-related substances were used, and the storage and disposal practices in effect during the Company's operations at the Facility for materials containing chromium. Include documentation evidencing the Company's use of chromium or chromium-related substances.*

[This response replaces the response provided on March 26, 2013.]  
Prudential never operated at the Facility.

20. *Provide a scaled map of the Facility that includes the locations of significant buildings and features. Indicate the locations of any maintenance shops, machine shops, degreasers, liquid waste tanks, chemical storage tanks, and fuel tanks. Provide a physical description of the Facility and identify the following:*
- a. *Surface structures (e.g., buildings, tanks, containment and/or storage areas, etc.);*
  - b. *Subsurface structures (e.g., underground tanks, sumps, pits, clarifiers, etc.);*
  - c. *Groundwater and dry wells, including drilling logs, date(s) of construction or completion, details of construction, uses of the well(s), date(s) the well(s) was/were abandoned, depth to groundwater, depth of well(s) and depth to and of screened interval(s);*
  - d. *Past and present stormwater drainage system and sanitary sewer system, including septic tank(s) and subsurface disposal field(s);*
  - e. *Any and all additions, demolitions or changes of any kind to physical structures on, under or about the Facility or to the property itself (e.g., excavation work), and state the date(s) on which such changes occurred; and*

- f. The location of all waste storage or waste accumulation areas as well as waste disposal areas, including but not limited to dumps, leach fields, and burn pits.*

[This response replaces the response provided on March 26, 2013.]

Prudential has no scaled map of the Facility. Prudential has no right to enter or use the Facility to create a scaled map.

Prudential has diagrams and photographs, which are included in Documents 4, 7, and 11 that show the locations of buildings and features.

- 21. Provide copies of hazardous material business plans and chemical inventory forms (originals and updates) submitted to city, county, and state agencies for the Facility.*

[No change in response.]

- 22. Provide a list of all chemicals and hazardous substances used at the Facility, identifying the chemical composition and quantities used. Provide copies of Material Safety Data Sheets for all hazardous substances used.*

Prudential has no documents detailing chemicals or hazardous substances used at the Facility. Prudential has no Material Safety Data Sheets for any hazardous substances used at the Facility. Historical records provided herewith regarding the type of manufacturing conducted at the Facility indicate that chrome may have been used. For example, Document Nos. 7, 10, and 11 refer to and/or depict "chromium plating" at the Facility.

Upon information and belief, asbestos containing building materials may have been present in the Facility. See Document Nos. 4, 5, 6, 9, 10, and 11.

- 23. Identify and provide the information below for all substances containing chromium, including but not limited to chromate compounds, which are or were used at, or transported to, the Facility:*

- a. The trade or brand name, chemical composition, and quantity used for each chemical or hazardous substance and the Material Safety Data Sheet for each product;*
- b. The location(s) where each chemical or hazardous substance is or was used, stored, and disposed of;*

- c. *The kinds of wastes (e.g., scrap metal, construction debris, motor oil, solvents, waste water), the quantities of wastes, and the methods of disposal for each chemical, waste, or hazardous substance;*
- d. *The quantity purchased (in gallons), the time period during which it was used, and the identity of all persons who used it; and*
- e. *The supplier(s), and provide copies of all contracts, service orders, shipping manifests, invoices, receipts, canceled checks, or any other documents pertaining to the supply of chemicals or hazardous substances.*

Prudential has no specific information regarding any substances containing chromium, which are or were used at, or transported to, the Facility. Document Nos. 7, 10, and 11 refer to and/or depict "chromium plating" at the Facility.

24. *Provide copies of all environmental data or technical or analytical information regarding soil, water, and air conditions at or adjacent to the Facility, including, but not limited to, environmental data or technical or analytical information related to soil contamination, soil sampling, soil gas sampling, geology, water (ground and surface), hydrogeology, groundwater sampling, and air quality.*

Prudential has not located any environmental data or technical or analytical information regarding environmental data or technical or analytical information regarding soil, water, and air conditions at or adjacent to the Facility. Document Nos. 5, 6, 10, and 11 contain general information regarding contamination, waste, and/or remediation.

*[Remainder of page intentionally left blank.]*

**25. *Identify, and provide the following information for, all groundwater wells that are located at the Facility:***

- a. A map with the specific locations of the Facility groundwater wells;***
- b. Date the Facility groundwater wells were last sampled;***
- c. List of all constituents that were analyzed during groundwater sampling events; and***
- d. All groundwater sampling results, reports of findings, and analytical data.***

[No change in response.]

**26. *Identify, and provide all groundwater data upgradient, downgradient, and on the Facility that you possess or have access to, including, but not limited to:***

- a. A map with the specific locations of the groundwater wells;***
- b. Date the groundwater wells were last sampled;***
- c. List of all constituents that were analyzed during groundwater sampling events; and***
- d. All groundwater sampling results, reports of findings, and analytical data***

[No change in response.]

**27. *Identify all insurance policies held by the Company from the time it commenced ownership of or operations at the Facility until the present. Provide the name and address of each insurer, the policy number, the amount of coverage and policy limits, the type of policy, and the expiration date of each policy. Include all comprehensive general liability policies and "first party" property insurance policies and all environmental impairment insurance. Provide a complete copy of each policy.***

Prudential has not located any insurance policy that provides coverage for the Site.

28. *Provide copies of any applications for permits or permits received for the Facility under any local, state, or federal environmental laws and regulations, including any waste discharge permits, such as national pollutant discharge elimination system permits.*

Prudential has no information regarding any applications for permits or permits received for the Facility.

29. *If the Company discharged any of its waste stream to the sewer at the Facility, provide copies of all permits and all analyses performed on discharged water, and identify all locations where waste streams were discharged.*

[No change in response.]

30. *For each waste stream generated at the Facility, describe the procedures for (a) collection, (b) storage, (c) treatment, (d) transport, and (e) disposal of the waste stream.*

[No change in response.]

31. *Please provide a detailed description of all pre-treatment procedures performed by the Company on its waste streams at the Facility prior to transport to a disposal site.*

[No change in response.]

32. *Please describe the method used by the Company to remove waste streams from sumps at the Facility.*

[No change in response.]

33. *Please identify all wastes that were stored at the Facility prior to shipment for disposal. Describe the storage procedures for each waste that was stored prior to disposal.*

[No change in response.]

*[Remainder of page intentionally left blank.]*



**34. *Please identify all leaks, spills, or other releases into the environment of any hazardous substances or pollutants or contaminants that have occurred at or from the Facility. In addition, identify and provide supporting documentation of:***

- a. The date each release occurred;***
- b. The cause of each release;***
- c. The amount of each hazardous substance, waste, or pollutant or contaminant released during each release;***
- d. Where each release occurred and what areas were impacted by the release; and***
- e. Any and all activities undertaken in response to each release, including the notification of any local, state, or federal government agencies about the release.***

Prudential has no information regarding particular leaks, spills, or other releases into the environment of any hazardous substances or pollutants or contaminants that have occurred at or from the Facility. Document Nos. 5, 6, 10, and 11 refer to the presence of contamination, waste, and/or remediation at the Facility.

**35. *Provide copies of any correspondence between the Company and local, state, or federal authorities concerning the use, handling, or disposal of hazardous substances at the Facility, including but not limited to any correspondence concerning any of the releases identified in response to the previous question.***

[No change in response.]

**36. *Provide all information that the Company may possess or have access to that indicates that chromium and hexavalent chromium-containing substances used at the facility have not reached groundwater.***

[This response replaces the response provided on March 26, 2013.]

Technibilt/Whittaker cleaned up and/or remediated the site. See Document Nos. 5 and 10.

***[Remainder of page intentionally left blank.]***



Andrew Taylor  
U.S. Environmental Protection Agency  
October 28, 2013  
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***ATTACHMENT C: INFORMATION REQUEST FOR METAL FINISHERS***

[This response replaces the response provided on March 26, 2013.]

Prudential is not and has never been a metal finisher.

***ATTACHMENT D: INFORMATION REQUEST FOR  
FACILITIES THAT HAVE UTILIZED COOLING SYSTEMS***

[No change in response.]

***ATTACHMENT E: INFORMATION REQUEST FOR FACILITIES  
THAT HANDLED VOLATILE ORGANIC COMPOUNDS ("VOCS")***

[No change in response.]

Please contact me with any questions regarding this response to your Request.  
You may reach me at [chris@sslfirm](mailto:chris@sslfirm) or 415-814-6400.

Sincerely,

SSL LAW FIRM LLP

  
Christine R. Wade

Enclosures

## DOCUMENT 4

PRISA VALUATION  
FOR THE QUARTER ENDED: 12-31-87

REALTY GROUP OFFICE

Los Angeles

PROPERTY NUMBER:

415

INTEREST APPRAISED:

☒ FEE SIMPLE ☐ LEASEHOLD ☐ LEASED FEE:

DATE OF MOST RECENT INDEPENDENT APPRAISAL:

9-30-87 (1)

MARKET VALUE ESTIMATE OF THAT APPRAISAL:

\$ 6,350,000

IMMEDIATE PAST QUARTER'S MARKET VALUE ESTIMATE:

\$ 6,350,000

CURRENT QUARTER'S MARKET VALUE ESTIMATE:

\$ 6,350,000 (2)

*[Signature]*

12/10/87

BY: *[Signature]*

*[Signature]* (3)  
NAME & TITLE Inv. MGR

DATE: 12-10-87 (4)

- (1) Prior to the initial independent appraisal, property to be carried at cost.
- (2) Indicate percentage change, if any, from previous quarter,  $\pm$  1%. If change is a  $\pm 10\%$  or  $\pm \$3,000,000$  and is internally generated, include new appraisal and supporting memorandum. If externally generated, please explain the reason for the change (same parameters) in a separate memorandum.
- (3) Any change in value from previous quarter must be approved or signed by a director level person (#77).
- (4) To be dated on or before the 10th of the final month of the quarter and be received in corporate within three working days.

PRISA VALUATION  
FOR THE QUARTER ENDED: 12-31-87

REALTY GROUP OFFICE:

Los Angeles

PROPERTY NUMBER:

415

1. (a) Total Capital expenditures disbursed during quarter, excluding amounts reflected in #2b and #3 below. \$ -0-  
(b) What effect, if any, has the above expenditure had in the market value estimate. If positive, please indicate the new market value estimate. \$ —
2. (a) Indicate what amount, if any, of the original authorization remains outstanding. \$ -0-. Can any of this balance be cancelled? (Y or N) —. If yes, indicate new outstanding amount. \$ —  
(b) What, if any, of the above sum has been disbursed during the quarter: \$ —. If positive, please indicate the new market value estimate. \$ —
- \* 3. Does the previous quarter's market value estimate reflect an adjustment for deferred maintenance? (Y or N) N. If yes, indicate the amount disbursed: \$ — and indicate the new market value estimate: \$ —
4. Does the previous quarter's market value estimate reflect an adjustment for the effects of an above or below-market lease and/or rent loss calculation? (Y or N) N. If yes, include the new computation on a separate memorandum and indicate the new market value estimated: \$ —
5. Does any tenant hold a purchase option? (Y or N) NO. If yes, when can it be exercised — (date) and what is the option price: \$ —

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\* 1ST 1/4 1988 SHOULD SHOW SOME REDUCTION IN VALUE, BASED ON GALSON'S ESTIMATES, FOR A.C.M. REMOVAL.

PR 415

UPDATED APPRAISAL REPORT  
OF  
ONE WEST ALAMEDA AND

812 FLOWER STREET

BURBANK, CALIFORNIA

JOSEPH J. BLAKE AND ASSOCIATES, INC.

UPDATED APPRAISAL REPORT

OF

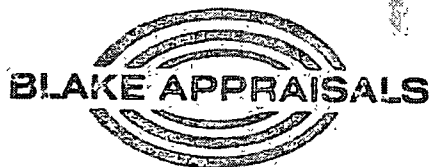
ONE WEST ALAMEDA AND

812 FLOWER STREET

.....  
BURBANK, CALIFORNIA

Prepared For:

.....  
Mr. Norman J. Cardinali, MAI  
Vice President Portfolio Management  
The Prudential Realty Group  
Real Estate Investment Department  
Prudential Plaza  
Newark, New Jersey 07101



Specializing Exclusively In the valuation of Real Property  
PROFESSIONAL APPRAISERS AND CONSULTANTS • JOSEPH J. BLAKE AND ASSOCIATES, INC.

Western Regional Office  
2049 CENTURY PARK EAST  
SUITE 640  
LOS ANGELES, CALIFORNIA 90087  
213-277-2609

August 6, 1987

Mr. Norman J. Cardinali, MAI  
Vice President Portfolio Management  
The Prudential Realty Group  
Real Estate Investment Department  
Prudential Plaza  
Newark, New Jersey 07101

Dear Mr. Cardinali:

Pursuant to your request, we have prepared an updated appraisal report pertaining to the property located at One West Alameda Avenue and 812 Flower Street in the City of Burbank, Los Angeles County, California.

The property appraised consists of a 2 detached one-story on slab industrial buildings. Combined area of the two buildings is 137,300 square feet, with 120,000 square feet in the structure fronting on One West Alameda Avenue and 17,300 square feet in the one fronting on 812 Flower Street. The parcel, improved with both structures contains 4.71 acres, or 205,168 square feet.

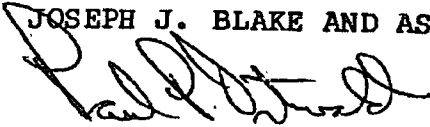
The purpose of the appraisal is to estimate the Market Value of the Leased Fee Estate. The property was inspected as of July 31, 1987.

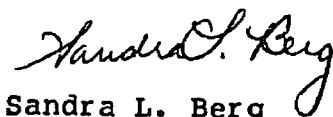
The Appraisers have made a thorough inspection of the property and the immediate area and have carefully analyzed the data pertaining thereto in the following report. The Appraisers therefore conclude that the Market Value of the Leased Fee Estate of the subject property upon full removal of any and all hazardous materials as of September 30, 1987, is: \$6,350,000.

SIX MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS

Respectfully submitted,

JOSEPH J. BLAKE AND ASSOCIATES, INC.

  
Paul P. Ostwald, MAI  
Principal

  
Sandra L. Berg  
Appraiser

PPO/ag



CERTIFICATE OF THE APPRAISERS

I, Sandra L. Berg, certify:

That I have personally inspected the subject property and have considered all of the pertinent facts affecting the value thereof.

That all market data pertaining to the Final Value Estimate has been accumulated from various sources and where possible, personally examined and verified as to details, motivation, and validity.

I, Paul P. Ostwald, certify:

That I have not personally inspected the property; however, I have personally reviewed the analyses, conclusions and opinions concerning real estate contained in this appraisal report and fully concur with the Final Value Estimate herein expressed.

We, Paul P. Ostwald, and Sandra L. Berg, certify:

That we have no present or contemplated future interest in the property appraised and neither is there any personal interest or bias with respect to the subject matter or to the principals involved.

That this report has been made in conformity with and subject to the requirements of the Code of Ethics and Standards of Professional Conduct of the American Institute of Real Estate Appraisers of the National Association of Realtors.

That neither our employment nor compensation for making this report are in any way contingent upon the value reported herein.

CERTIFICATE OF THE APPRAISERS

That to the best of our knowledge and belief, the statements of fact contained in this report, upon which the analyses, opinions and conclusions are based, are true and correct, and subject to the limiting conditions herein set forth.

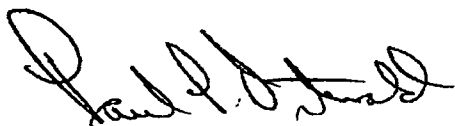
That our valuation is predicated upon full removal of any and all hazardous materials which may be present on the subject site.

That this appraisal sets forth all limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analyses, opinions and conclusions expressed herein.

That our opinion of the Market Value of the Leased Fee Estate as of the 30th day of September, 1987, is \$6,350,000.

SIX MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS

JOSEPH J. BLAKE & ASSOCIATES, INC.



Paul P. Ostwald, MAI  
Principal

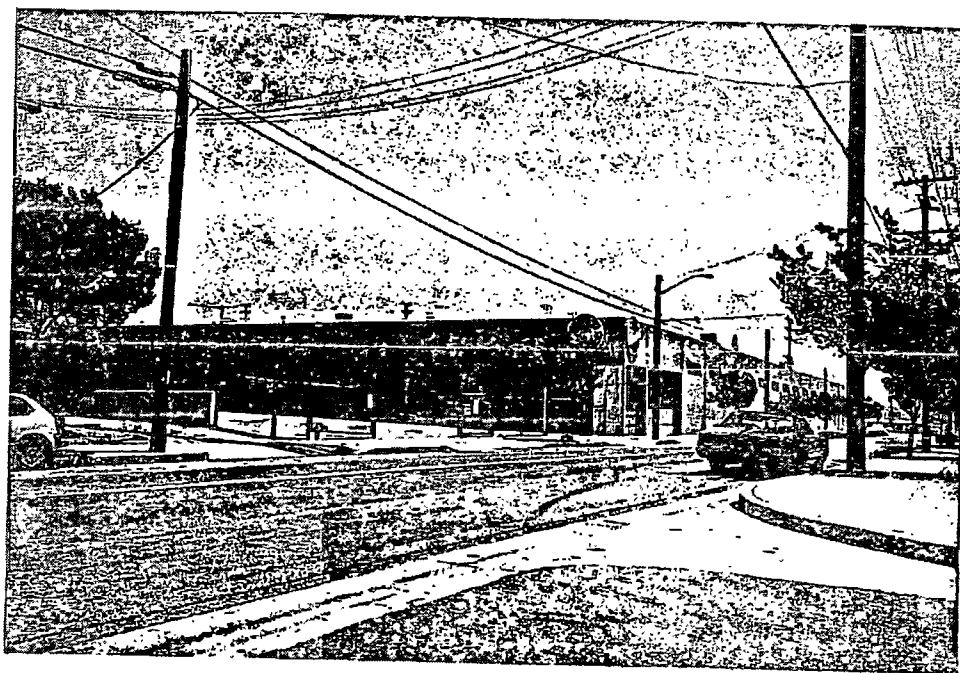
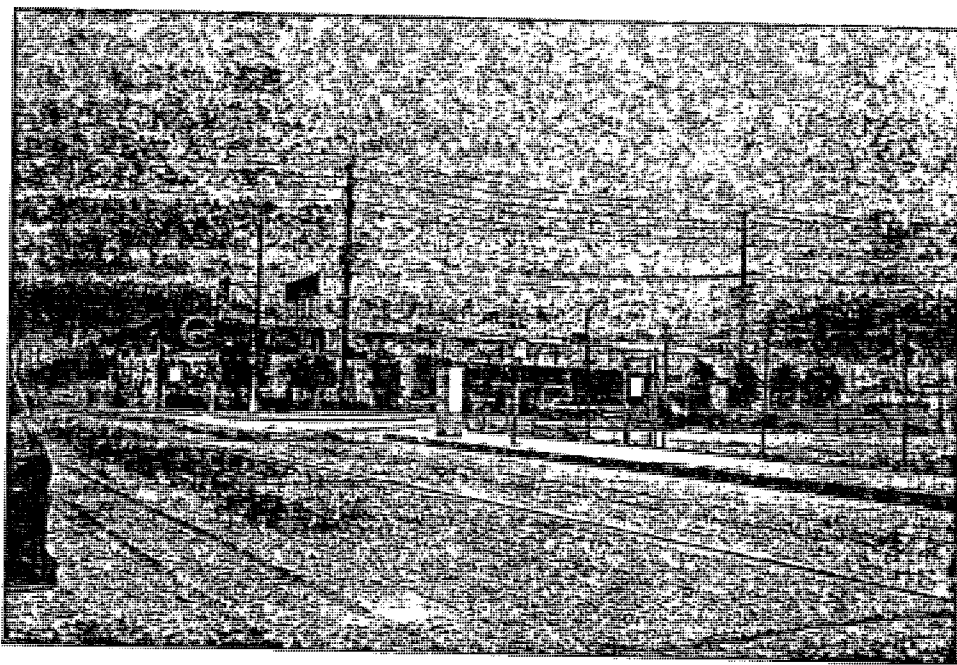


Sandra L. Berg  
Appraiser

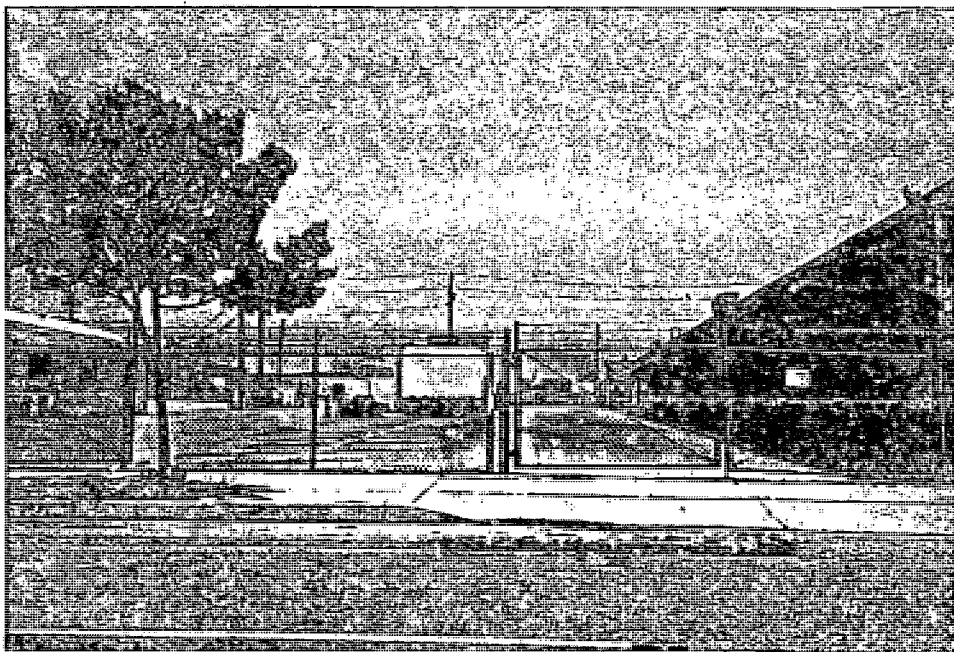
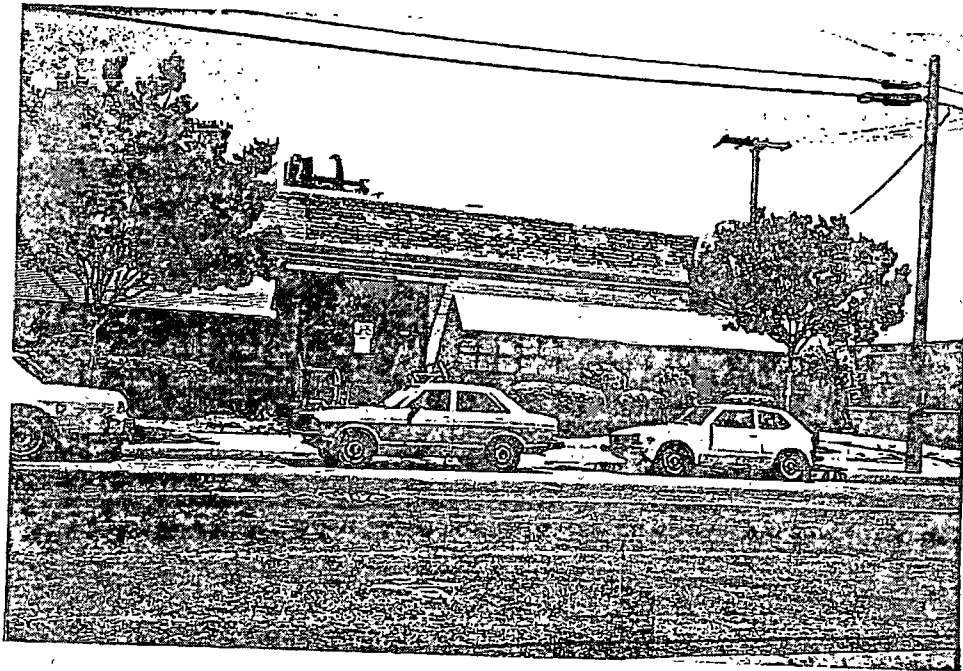
The American Institute of Real Estate Appraisers conducts a voluntary program of continuing education for its designated members. MAI's and RM's are awarded periodic educational certification. I, Paul P. Ostwald, do hereby state that I am certified under this program through September 15, 1986.

Joseph J. Blake and Associates, Inc.  
Professional Real Estate Appraisers and Consultants

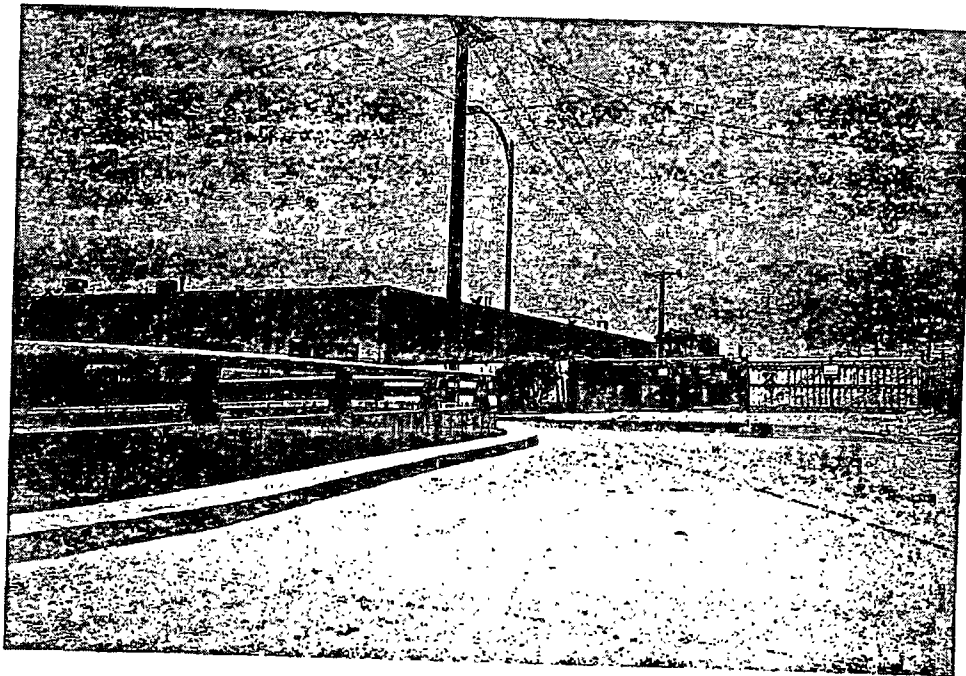
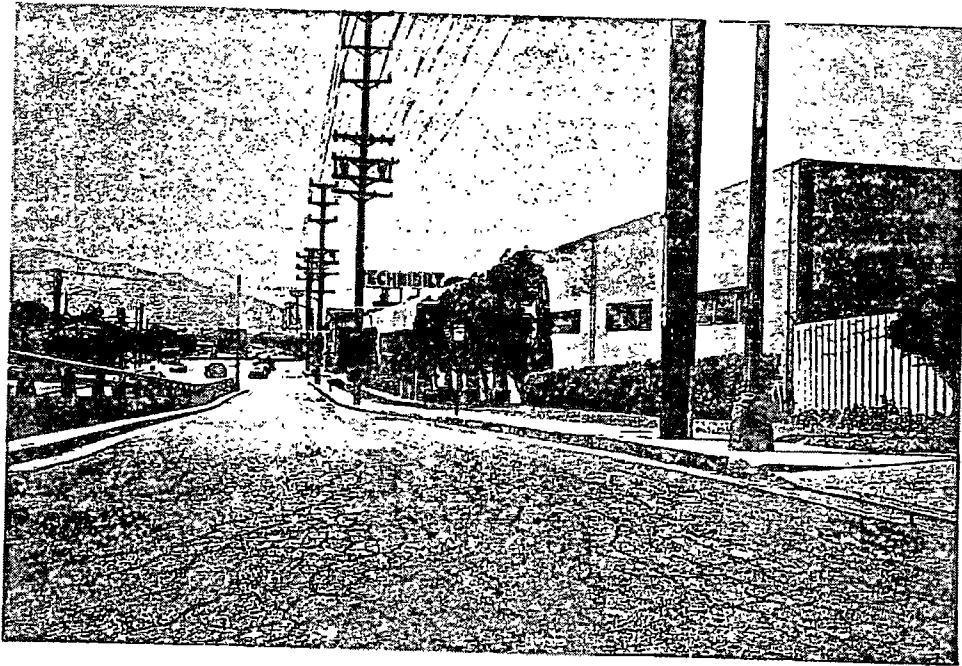
PHOTOGRAPHS OF SUBJECT PROPERTY



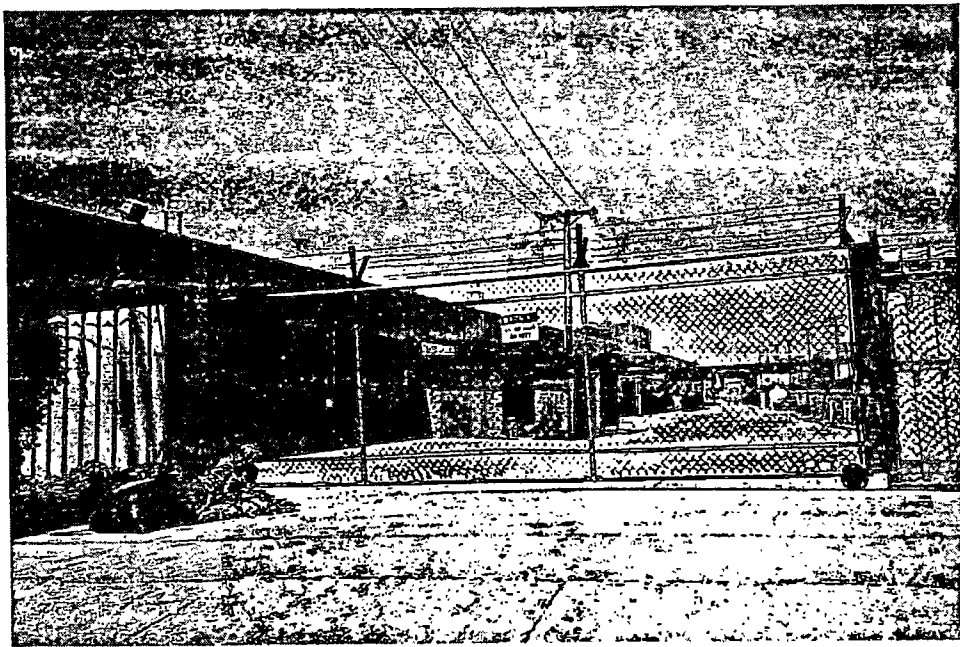
PHOTOGRAPHS OF SUBJECT PROPERTY



PHOTOGRAPHS OF SUBJECT PROPERTY



PHOTOGRAPHS OF SUBJECT PROPERTY



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SECTION I:

I N T R O D U C T I O N



# SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Owner: The Prudential Insurance Company of America

Address of Property: One West Alameda Avenue and 812 Flower Street, Burbank, California

Property Rights Appraised: Leased Fee Estate

Type of Property: Two detached industrial buildings

Building Area:

One West Alameda Ave:	120,000 SF
812 Flower Street	17,300 SF
	*****
Total	137,300 SF

Land Area:

One West Alameda Ave:	175,546.8 SF or 4.03± acres
812 Flower Street	29,620.8 SF or 0.68± acres
	*****
Total	205,168± SF or 4.71± acres

Zoning: M-2 Industrial

Date of Inspection: July 31, 1987

Date of Value: September 30, 1987

Estimated Market Value of the Leased Fee Estate: \$6,350,000

## STATEMENT OF BASIC ASSUMPTIONS AND LIMITING CONDITIONS

### The Appraisers assume:

1. That the title to the subject property is marketable and that the property is free and clear of all liens and encumbrances, except for mortgages in good standing.
2. That the legal description and survey as supplied to the Appraisers are accurate and correct showing the proper placement of the improvements. The Appraisers are not responsible for encroachments unless shown on the survey and depicted in the report. If a survey has not been supplied, it will be so stated in the report.
3. That dimensions and/or areas of parcel furnished by the client are correct.
4. That no liability is assumed for matters legal in nature.
5. That ownership and management are in competent and responsible hands.
6. That any and all hazardous materials which may be present on the subject site have been fully removed such that no adverse affect on value would be indicated in a current market transaction.

### The following Limiting Conditions are submitted with this report:

1. The estimate of Market Value applies only to the date specified in the report. Market value of real estate is affected by many related and unrelated economic conditions, local and national, which might necessarily affect the future market value of the subject property. We, therefore, assume no liability for an unforeseen precipitous change in the economy.
2. The value of the land and the value of the improvements are the values in relation to each other and should not be used separately. To so use the values separately, invalidates the report.

# STATEMENT OF BASIC ASSUMPTIONS AND LIMITING CONDITIONS

3. The appraisal was prepared for the purpose so stated and should not be used for any other purpose by anyone.
4. Fair Market Value, as expressed in this report, is in terms of the current purchasing power of the American dollar.
5. No responsibility is assumed for information supplied by others and believed to be reliable and correct.
6. The Appraisers have not received an engineering survey or commissioned one to be prepared. Therefore, the opinion as to drainage and subsoil conditions is from observation only and is assumed to be adequate.
7. The signatories herein shall not be required to give testimony or attend court or be at any governmental hearing with reference to the said property unless prior arrangement have been made with the client.
8. The contract for this appraisal is fulfilled by the signers hereto upon the delivery of this appraisal duly executed.
9. The source of any data used in the report is considered confidential and will not be revealed.
10. The Appraisers have no present or contemplated future interest in the property.
11. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without the written consent and approval of the author, particularly as to valuation conclusions, the identity of the Appraisers or the firm with which they are connected, or any reference to the American Institute of Real Estate Appraisers or to the MAI designation.

SECTION II:

GENERAL INFORMATION

### IDENTIFICATION OF THE SUBJECT PROPERTY

The subject property being appraised consists of two detached, one-story industrial buildings located at the northwest corner of Alameda Avenue and Flower Street in the City of Burbank, Los Angeles County, California. The address of the property is One West Alameda Avenue and 812 Flower Street. The property is identified by the Los Angeles County Assessor's Office as being two separate parcels. The Parcel Number for One West Alameda Avenue is 2453-042-09 and the Parcel Number for 812 Flower Street is 2453-042-10. The parcels are continuous. The structure contains a combined building area of 137,300 square feet and are situated on a parcel of land containing 4.71 acres. The subject property is occupied by the Technibilt Corporation. Technibuilt, however, has vacated the building and has reportedly found a new tenant to occupy the space on a sublease for the remainder of its lease term.

### PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to estimate the Market Value of the Leased Fee Estate of the subject property as of the date of value.

### DATE OF INSPECTION

The subject property was inspected as of July 31, 1987.

### DATE OF VALUE

The analyses, opinions and conclusions set forth apply only to the date of value. The property is appraised as of September 30, 1987. Our analyses as of this date assume that any and all hazardous materials which may be present on the site have been fully removed.

### PROPERTY RIGHTS APPRAISED

The subject property is appraised on the basis of a Leased Fee Estate. Leased Fee is defined as property held in fee with the right of use and occupancy conveyed by lease to others. A property consisting of the right to receive rentals over a period of time, plus the right of ultimate repossession at the termination of the lease.\*

\* Source: Real Estate Appraisal Terminology, American Institute of Real Estate Appraisers and the Society of Real Estate Appraiser, 1981, Page 149.

### OWNERSHIP AND OCCUPANCY

Title to the subject property is held in the name of the Prudential Insurance Company of America. The deed was recorded in the Los Angeles County Recorder's Office on May 1, 1980. The purchase price of the property was \$5,000,000. The subject was purchased from Technibuilt Corporation. This transaction was a sale-leaseback.

The subject property was leased to the Gleason Corporation, DBA Technibilt Corporation. The lease is for a term of 15 years commencing on May 1, 1980, and expiring on April 30, 1995. In addition there is a 5-year option renewal period. The rental for years 1 through 5 was \$41,667 per month. For years 6 through 10, the base rent of \$41,667/month was adjusted by the Consumer Price Index (for United States city average, all items). This took place May 1, 1985 such that the current rent is \$55,944/month. For years 11 through 15, the rent will be adjusted in the same manner, provided that the rent shall not exceed \$108,073 per month. The rent for the extended term shall be the current market rent as reasonably determined by the lessor. The rent is on a triple net basis; therefore, the tenant pays all the expenses such as maintenance, insurance, real estate taxes and utilities.

Upon inspection, the Appraisers were made aware of the fact that Gleason/Technibilt Corporation has vacated the subject building and has been looking for a sub-lease tenant. The property has remained vacant for approximately one year. Discussions with the listing agent have indicated that a sub-lease tenant has been found and that sub-lease agreement is currently "out for signature." Occupancy by the sub-lease tenant is expected shortly for a term equaling the remainder of the Technibuilt/Prudential lease (April 30, 1995).

## APPRAISAL PROBLEM AND VALUATION PROCESS

The purpose of this appraisal is to estimate the Market Value of the Leased Fee Estate. The Appraisers have previously prepared a fully documented estimate for the Market Value of the subject property on the basis of a Fee Simple Estate; the report was dated September 29, 1980. This updated appraisal will make reference to the previously prepared report.

The property is encumbered with a long term lease which took its first rental step-up in 1985. The existence of this lease has a definite influence on the valuation of the subject. Therefore, for the purpose of this updated appraisal report, the Appraisers will estimate the Market Value of the Leased Fee Estate as of the date of value.

The value of the Leased Fee Estate may be approached as the difference between the value of the Leasehold Estate and the fee simple value of the subject property. A Fee Simple Estate may be defined as the largest possible estate in real property, the owner of which has absolute use and the right to dispose of it as he pleases. Leasehold Estate is defined as the tenant's or lessee's interest. A positive leasehold value exists when contractual rent at the time of the appraisal is less than the current market rent. The value of the leasehold interest is the present (discounted) worth of the rent savings. Any value that may be ascribed to the Leasehold Estate is applicable for the remaining term of the lease only. The net benefit from occupancy rights at the less-than-market rentals is a finite income stream that expires when the lease terminates.

The first step in the appraisal process is to estimate the Market Value of the subject property on the basis of a Fee Simple Estate, as of the date of value.

The Appraisers will employ two traditional approaches in the process of estimating the Market Value of the subject on a fee simple basis. They are the Income Approach and the Market Data Approach.



## APPRAISAL PROBLEM AND VALUATION PROCESS

In the Income Approach, the Appraisers will ascertain through market analysis the property's capability of producing income and analyze fixed and operating expenses to derive a net income. This net income will then be capitalized into a value estimate.

In the second approach, the Direct Sales Comparison Approach or Market Data Approach, the Appraisers will make a diligent search of the local market attempting to uncover recent sales of comparably improved properties. Upon gathering of such market information, an analysis of necessary adjustment will be made so as to relate the subject's unique physical characteristics to those of the submitted sales. A correlation of the derived information will direct the Appraisers to final estimate of value via this approach.

The two approaches will then be correlated into a value conclusion of the Fee Simple Estate.

The next step is to value the Leased Fee Estate. This valuation considers the lessor's right to rent the property, receive rental payments, and usually repossess the property at the end of the lease. This method is based upon the present worth of the rental income stream provided by the lease, as well as the reversionary value of the property at the expiration of the lease.

Finally, the Appraisers will conclude to a value of the Leased Fee Estate.

SECTION III:

VALUATION OF THE  
FEE SIMPLE ESTATE

### INDICATED VALUE BY THE INCOME APPROACH

Value, when pursued by income analysis, is based upon capitalization of net income. The Income Approach, which is a discounting process, begins with a gross income estimate followed by an estimate for vacancies which is deducted from the property's income potential. Investment purchasers are primarily interested in the monetary benefits of ownership and it is the net income which is the measure of present worth or capitalized value.

Since the subject property is of the type that is generally purchased for the monetary benefits of net income, the Income Approach to value is found to be applicable. The Direct Capitalization Method has been selected as it has its basis in and is a reflection of actions typical for investors in the marketplace. This is the simplest method, capitalization at the overall rate. The Appraisers examine the market and research and analyze sale prices of comparable properties. The indicated net incomes of the comparable sales are utilized to develop a range of overall rates. The following is the applicable formula for developing the overall rate from each sale:

$$\frac{\text{Net Income}}{\text{Sales Price}} = \text{Overall Price}$$

The Direct Capitalization Method of discounting the present worth of future benefit does not impose a requirement for separate valuation of the land. Benefits of ownership are in terms of an overall rate without differentiating between land and improvements. Net income resulting from the entity land and building is processed by a single rate appropriate to the investment.

## INDICATED VALUE BY THE INCOME APPROACH

### Determination of Net Income

Economic rent is defined as the reasonable rental expectancy if the property were available for renting at the time of its estimation, the rental warranted to be paid in the open real estate market based upon current rentals being paid for comparable space, as distinguished from contract rent under an existing lease. Contract rent is payment for the use of property designated in a lease. Actual or contract rent may differ from economic rent.

In determination of the economic rent of the subject property, the Appraisers have analyzed the rental data of comparable buildings and interviewed local industrial renting agents.

The following is the rental data of comparable properties that will be utilized by the Appraisers in determining the net economic rental for the subject.

## INDICATED VALUE BY THE INCOME APPROACH

Comparable Rental No. 1  
=====

Location: One West Alameda Avenue and 812  
Flower Street, Burbank, California

Description: See "Identification of the Subject  
Property"

Rental: \$.41/SF/Month, triple net, 5 years  
began

Remarks: This is the subject property.  
Rental rates were adjusted May 1,  
1985 as a result of the lease's  
first step up provision. The CPI  
adjustment brought the rental rate  
current with the market at that  
time.

The recent purchase of Technibilt  
Corporation by the Whitaker  
Corporation has prompted the  
streamlining of operations such that  
the subject property is now surplus  
property. The tenant vacated the  
property approximately one year ago  
and began seeking a sublease tenant  
at that time. The asking rate is  
\$.38/SF/Month on a triple net basis,  
with no particular term required.  
In June, 1987, the listing agreement  
changed to an asking rate of  
\$.32/SF/Month on a gross basis.  
This listing agent indicated that a  
lease is currently out for signature  
to a sublessee at a rate very close  
to the most recent list price.

## INDICATED VALUE BY THE INCOME APPROACH

## Comparable Rental No. 2

-----

## Location:

521 Rodier Street  
Glendale, California

## Description:

This industrial building contains a leasable area of 91,880 square feet. The property has both dock-high facilities and overhead doors. Clear ceiling height is 18 feet. Included office space totals 8,967 square feet. Parking availability is good. The building is thirty years old and in average condition.

## Rental:

Asking \$.44/SF/Month,\* triple net. Available as a sublease for the remainder of the master lease term with the sublessor, Chastain (through 1989).

## Remarks:

Located one mile east of the subject. Overall comparability to the subject is considered good. Slight negative adjustments are necessary to account for listing status as well as the subject's larger size. Though the comparable has direct freeway (Interstate 5) frontage, no adjustment is considered necessary as the subject has visibility from the freeway, superior access and location at the intersection of two major thoroughfares.

\* A lease is reportedly "out for signature" at \$.42/SF/Month for months 1 through 20, \$.44/SF/Month for months 21 through 40, and \$.46/SF/Month for months 41 through 60. Additionally, there are two (2) five-year options at the negotiated market rent.

## INDICATED VALUE BY THE INCOME APPROACH

Comparable Rental No. 3

[illegible]

Location: 1747 Flower Street  
Glendale, California

**Description:** Industrial building of concrete tilt-up construction having a leasable area of 36,311 square feet. There is 6,200 square feet of office space, 14 foot high ceilings, and three overhead doors. Parking is limited -- there are 25 spaces. The improvements are 31 years old and in average/good condition.

Rental: Asking \$.36/SF/Month,\* triple net  
Term and CPI increases are  
negotiable.

Remarks: Property is located 1/2 mile southwest of the subject. Subject is considered superior as access and location are more suited to a larger tenant. Downward size and listing adjustments are necessary.

\* This property changed listing agents six weeks ago. The alternative marketing and decreased rate have reportedly produced several offers. It was previously listed with a different real estate firm for \$.47/SF/Month, triple net. The discrepancy in price cannot be accounted for. The current asking rate appears below what is considered the market rate for the area.

**Location:**

5453 San Fernando Road  
Glendale, California

**Description:**

Built ten years ago, there are a total of 41,900 square feet in this concrete industrial building. It has both dock-high and overhead doors. Approximately 7.6% or 3,200 square feet of the structure is improved with office space. Clear ceiling height is 21 feet. Improvements are in average condition.

**Rental :**

Asking \$.49/SF/Month, triple net. A leasable term of 5-10 years is sought with rental increases each 30 months.

## Remarks :

Located south east of the subject, approximately two miles. Though the subject location is considered superior, a downward allowance must be made for size, age, and listing status.



# INDICATED VALUE BY THE INCOME APPROACH

## Conclusion of Net Income

The Appraisers have carefully analyzed the comparable rentals in conjunction with the presented rentals and listing data. All of the rentals are recent situated in similar type industrial buildings. A summary of the findings is as follows:

Rental No.	Price/SF	Date
1	\$.41 NNN \$.32 Gross	May 1985 (step-up) Current (sub-lease)
2	\$.44 NNN \$.42 NNN	Current "Out for Signature"
3	\$.36 NNN	Current
4	\$.49 NNN	Current

The above lease information represents current activity in the Burbank/Glendale industrial market. In the case of the subject (Comparable Rental No. 1), it is apparent that some discrepancy as to market rent is at hand and that additional research and analysis is necessary for the Appraisers to determine the economic rent applicable to the subject property.

As a first step in our analysis, the Appraisers have considered the position of Technibilt/Whitaker Corporation. In the previous year, Technibilt was purchased by the Whitaker Corporation. In an effort to streamline operations, Technibilt was asked by Whitaker to vacate the subject and consolidate in a different location. The subject, hence, became excess property which Whitaker then attempted to find a sublease tenant to occupy. Though interest was shown in the property, no offers were apparently suitable to the sublessor. After a year-long endeavor, the Whitaker Corporation has apparently decided to cut its losses by reportedly accepting the offer made by a company at a rate and terms significantly below those of the current market. In the meanwhile, the lease payments to the client have continued to be received.

# INDICATED VALUE BY THE INCOME APPROACH

## Conclusion of Net Income - Cont'd

The low rate which is reported to be offered the sandwich lessor (Whitaker) may also be a result of the possible existence of hazardous waste on the subject site which would require removal. In determining economic rent, however, we have not considered this a factor, as we have assumed that any and all such materials have been fully removed. Roof maintenance and painting have also been a consideration.

An additional possibility for the low reported lease rate involves tenancy. Since the sublease was "out of signature" to an undisclosed tenant, it may be that a Whitaker subsidiary is the benefactor of a below market rate. A similar circumstance might occur if the sublessee were a potentially interested purchaser.

As a further step in determining economic rent for the subject building, we have spoken with brokers, managers and other real estate personnel knowledgeable of the local market. In each case, a much higher market rent was suggested. The locational desirability of a Burbank/Glendale address was cited as a key factor. The rates suggested by Comparable No. 2 are considered good indicators. Most suggested a rate of between \$.40 and \$.42, triple net as being likely in the current market. The Appraisers are of the opinion that this range is reasonable indicative of that applicable to the subject property. For the purpose of this appraisal, the Appraisers will utilize a rate at the low end of this range, or \$.40 per square foot on a triple net basis. This equates to \$54,920 monthly, or \$659,040 annually.

Therefore:

$$\begin{array}{rcl} 137,300 \text{ square feet} & \times & \$.40/\text{SF} = \$ 54,920 \\ & \times & 12 \text{ Months} \end{array}$$

Annual Economic Rent

\$659,040

## INDICATED VALUE BY THE INCOME APPROACH

### Vacancy and Collection Loss

As the data for the subject property is not available, the appraiser has used the data for the City of Burbank generally reflects a very low vacancy factor. The apparent occupancy levels, however, do not reflect a collection loss factor. However, the fact that the tenant has vacated and has sought a sublease tenant for less than the contract rate suggests the potential of collection loss. This potential remains though Technibilt continues to pay their contract rent. Additionally, some local brokers would indicate the market as being susceptible soft. Therefore, the Appraisers feel justified in utilizing a 5% vacancy and collection loss factor. In this instance, the annual charge is \$32,952.

The Appraisers have carefully analyzed the occupancy level of industrial buildings in the subject property neighborhood and comparable competing industrial areas of Los Angeles County. The City of Burbank generally reflects a very low vacancy factor. The apparent occupancy levels, however, do not reflect a collection loss factor. However, the fact that the tenant has vacated and has sought a sublease tenant for less than the contract rate suggests the potential of collection loss. This potential remains though Technibilt continues to pay their contract rent. Additionally, some local brokers would indicate the market as being susceptible soft. Therefore, the Appraisers feel justified in utilizing a 5% vacancy and collection loss factor. In this instance, the annual charge is \$32,952.

### Explanation of Expenses

As the data for the subject property is not available, the appraiser has used the data for the City of Burbank generally reflects a very low vacancy factor. The apparent occupancy levels, however, do not reflect a collection loss factor. However, the fact that the tenant has vacated and has sought a sublease tenant for less than the contract rate suggests the potential of collection loss. This potential remains though Technibilt continues to pay their contract rent. Additionally, some local brokers would indicate the market as being susceptible soft. Therefore, the Appraisers feel justified in utilizing a 5% vacancy and collection loss factor. In this instance, the annual charge is \$32,952.

When analyzing an income producing property such as the subject, there exists certain expenses that will be incurred by the owner. Although the estimated economic rent derived from the market data is considered to be on a net basis, it does not consider such expenses as Management and Reserves for Replacement.

### Management

The typical management fee on an industrial building similar to the subject is generally considered to be 3% of the effective gross income. Therefore, in this instance the Appraisers feel an annual management charge of \$18,783 should be allocated.

# INDICATED VALUE BY THE INCOME APPROACH

## Explanation of Expenses - Cont'd

### Reserves for Replacement

Property owners typically do not set aside funds each year for the ultimate replacement of such short-lived items as the roof and air-conditioning unit. However, since these items have a shorter economic life than the structure, a reserve account must be considered. In this instance, the Appraisers anticipate that the annual allowance of \$.04 per square foot or \$5,500 should cover all replacements.

### Net Operating Income

The net operating income of the subject property is that amount of annual income remaining after paying all expenses incurred in the operation of the subject. This net income affords the owner capital with which to satisfy the debt service and provide a return on his equity. In this instance, it has been estimated to be \$601,805

Total Estimated Stabilized Income	\$ 659,040
Vacancy and Collection Loss	<u>32,952</u>
Effective Gross Income	\$ 626,088
Less Expenses:	
Management	\$ 18,783
Reserves for Replacement	<u>5,500</u>
Total Estimated Expenses	<u>24,283</u>
Net Operating Income	\$ 601,805

## INDICATED VALUE BY THE INCOME APPROACH

### Justification of the Overall Rate

In order to process the net operating income into value, the Appraisers will utilize an overall rate derived from the presented market data. The overall rate is abstracted from the comparable sales by dividing the net income by the sales price. Based on this market data analysis, the Appraisers will divide an overall rate. The following is a brief summary of the overall rates from the sales presented in the Market Data Approach section of this report:

Sale No.	Date of Sale	Sales Price	Overall Rate
3	12/85	\$9,900,000	7.25%
4	11/86	\$6,300,000	10.65%
5	12/86	\$4,430,000	9.30%

The overall rates presented were abstracted from recent market transactions. The indicated rates range from 7.25% to 10.65%. These sales are located within the greater Los Angeles area. The sales are of comparable types of industrial buildings and are considered to reflect the current investment requirements for the typical investor in the industrial real estate. These rates were further verified with local industrial brokers, who indicated overall rates in the 9.5-10% range.

After careful analysis of the sales, the Appraisers feel justified in using an overall rate of 9.75% to capitalize the net income of \$601,805.

Therefore:

Net Income	=	Value
Overall Rate		
\$601,805	=	\$6,172,359
.0975		
	Say	\$6,175,000

Indicated Value by the Income Approach.....\$6,175,000

Joseph J. Blake and Associates, Inc.  
Professional Real Estate Appraisers and Consultants

## INDICATED VALUE BY THE MARKET DATA APPROACH

The Market Data Approach is essential in almost every real estate appraisal. The value estimated by this approach frequently is defined as:

"The price at which a willing seller would sell and a willing buyer would buy, neither being under abnormal pressure."

This definition assumes that both buyer and seller are fully informed as to the property and state of the market for that type of property, and that the property has been exposed in the open market for a reasonable amount of time.

The application of this approach produces an estimate of value of property by comparing it with similar properties of the same type and class, which have been sold recently in the same or competing areas. The comparative processes utilized in determining the degree of comparability between two properties involves judgment as to their similarity with respect to many value factors such as location, construction, age, condition, land size, etc. The analysis and correlation of the analysis results in an estimated value which represents the probable price at which the subject would be sold by a willing seller to a willing buyer, as of the date of the appraisal.

The Appraisers have included five (5) comparable sales as the most recent evidence of value indicated in the industrial market. Each property was inspected for the physical data indicated on each sales sheet.

The unit of comparison for the analysis was the sale price per square foot of building area. It is obtained by dividing the square foot of the building area into the overall selling price. The adjusted square foot factors considered are time, location, age and condition, and quality of construction.

# INDICATED VALUE BY THE MARKET DATA APPROACH

## Improved Sale No. 1

Do not use this form for any other purpose than the one for which it was designed.

Date of Sale:	December 24, 1986
Location:	912 Isabel Street Burbank, California
Sale Price:	\$5,700,000
Terms:	Down Payment: \$2,800,000 1st TD: \$2,900,000
Grantor:	Burbank-Chestnut Partnership
Grantee:	Colortran, Inc.
Description:	This concrete tilt-up industrial building has 71,400 square feet. The complex has one truck door. There are 137 parking spaces. Improvements are 22 years old, in average condition. Site area is 3.13 acres.
Indicators:	Price/SF Building Area: \$79.83 Overall Rate: N/A
Remarks:	Located west of the subject, across Victory Boulevard. The property was sold through a Starker exchange to the owner-user. It requires a downward allowance to unit price to account for the size difference with the subject.

## INDICATED VALUE BY THE MARKET DATA APPROACH

## Improved Sale No. 2

Date of Sale: April 10, 1986

Location: 231 West Olive Avenue  
Burbank, California

Sale Price: \$3,000,000

Terms: Down Payment: \$ 750,000  
1st TD: \$2,250,000

Grantor: H.V. Wadell Co.

Grantee: 231 West Olive Partners, Ltd.

Description: Four single story industrial buildings of various construction totaling 70,300 square feet. There is 11% office space and a truss height of 16 feet. The buildings have a total of 6 overhead doors. Site area is 2.63 acres and includes 30 parking spaces. The improvements vary in age and are in average condition.

Indicators: Price/SF Building Area: \$42.67  
Overall Rate: N/A

Remarks: Located along a major thoroughfare northwest of the subject. Though a negative adjustment to unit price is indicated as a result of the size differential, it is overcome by several upward allowances. Upward allowances are necessary for the time of sale, quality of construction and condition. Location is similar.



## INDICATED VALUE BY THE MARKET DATA APPROACH

## Improved Sale No. 3

Date of Sale: December 30, 1985

Location: 808 Western/1607-25 Flower Street/  
833 Sonora, Glendale, California

Sale Price: \$9,900,000

Terms: 1st TD (private, terms unknown)  
\$10,000,000

Grantor: Pacific Mutual Life Insurance, Co.

Grantee: Sonora Associates, Ltd.

Description: This transaction involved a one-story concrete block and three one-story industrial buildings containing 236,300 square feet on 16 acres. Features include: 50% of office space, 14' to 18' truss heights, rail service. Improvements are 16 to 26 years old and in average condition.

Indicators: Price/SF Building Area: \$41.90  
Overall Rate: 7.25%

Remarks: This building is located 1/2 mile southeast of the subject in Glendale. Downward adjustment to price is required for the superior office area, but upward adjustments are required for size, time of sale, and age. The property sold with a 30-year old lease in place at the time of sale, with 2 five-year options remaining.

## INDICATED VALUE BY THE MARKET DATA APPROACH

Improved Sale No. 4  
-----

Date of Sale: November 21, 1986

Location: 21000 Normandie Avenue  
Los Angeles, California

Sale Price: \$6,300,000

Terms: Down Payment: \$1,200,000  
1st TD: \$5,100,000

Grantor: Hughes Tool Co., et al

Grantee: 21 Normandie Associates

Description: This property consists of five industrial buildings totaling 155,234 square feet. Buildings are of concrete tilt-up and metal construction. Though there are no dock high facilities, there are 20 overhead doors and a clear ceiling height of 24 feet. Office area is 11% of the building. Parking for 200 vehicles is available on the 12.08 acre site. The structures range in age from 7 to 13 years and are in average condition.

Indicators: Price/SF Building Area: \$40.58  
Overall Rate: 10.65%

Remarks: This property is located in Southern Los Angeles County. It is occupied by a single tenant and has an income stream similar to that of the subject. It is slightly larger in size, thus requiring an upward unit adjustment. The subject is also considered locationally superior.

## INDICATED VALUE BY THE MARKET DATA APPROACH

Improved Sale No. 5  
=====

Date of Sale: December 30, 1986

Location: 1016-1034 Lawson Street  
Industry, California

Sale Price: \$4,430,000

Terms: Down Payment: \$2,153,000  
1st TD: \$2,277,000 (Approx.)

Grantor: W.M.C. Investment Co.

Grantee: Dominion Property Co.

Description: Built in 1980, this industrial complex is of concrete tilt-up construction. It consists of three buildings totalling 107,150 square feet. Structures have 14 overhead doors, 5 dock highs and a 20 foot truss height. Ten percent of the complex is office space. Site area is 5.91 acres. Improvements are in average condition, overall.

Indicators: Price/SF Building Area: \$41.34  
Overall Rate: 9.30%

Remarks: Located in Industry, southeast of the subject. Required adjustments include those downward slightly for size and age. They are countered by an upward allowance for location.

# INDICATED VALUE BY THE MARKET DATA APPROACH

## Summary and Conclusion

Sale No.	Date	Sale Price	Size (SF)	Price/SF
1	12/86	\$5,700,000	71,400	\$79.83
2	04/86	3,000,000	70,300	42.67
3	12/85	9,900,000	236,300	41.90
4	11/86	6,300,000	155,234	40.58
5	12/86	4,430,000	107,150	41.34

The preceding sales are presented by the Appraisers as the most comparable to the subject property being appraised. The sales were analyzed as to such factors as location, type of construction, age, condition, building characteristics, land size, marketability and date of sale.

All sales presented are located within the greater Los Angeles area and are relatively recent. Sales 1 through 3 are found in Burbank/Glendale and are similar in most respects, but require size adjustments. Sale No. 4 is located in Southern Los Angeles County. Though locationally different, it is very similar as to size and other characteristics, as well as the income stream. Sale No. 5 is found east of the subject in Industry, and must be adjusted for size and location.

After careful analysis of the comparable sales in conjunction with the subject property. It is the opinion of the Appraisers that the overall unit to be applied to the subject property is \$45 per square foot.

Therefore:

$$137,300 \text{ Sf @ } \$45 \text{ SF} = \$6,178,500$$

Rounded to \$6,175,000

Indicated Value by the  
Market Data Approach.....\$6,175,000

# RECONCILIATION OF VALUE INDICATIONS

Application of the indicated proper approaches to value has produced these results:

Indicated Value by the Income Approach.....\$6,175,000

Indicated Value by the Market Data Approach.....\$6,175,000

Reconciliations have been made at various stages throughout this appraisal, but it is at this juncture that the indicated value estimates are weighed and tempered to reach a final estimate to value. To reconcile is to bring together the facts represented by the approaches. Each approach is weighed in relation to its importance or its probable influence on the reactions of typical users and investors in the current market.

The Income Approach has been given a major share of the weight in arriving at the subject's final estimate of value. Since potential net income is usually a prime motivation for purchase, the Income Approach is deemed a valid and supportable method by which the Market Value of the subject may be estimated.

The value through the Market Data Approach is given weight by the definition of market value itself. However, the degree of reliance which the Appraisers place on the approach is in relation to the availability and comparability of the market data.

The relative merits of each of the approaches have been subjected to critical re-examination and each step and phase of the appraisal process has been reviewed as it has been executed.

In the final analysis of the subject property, the Appraisers have determined the influence of the two approaches with relation to the subject property. In this instance, both of the value indicators are in substantial agreement with each other. With the application of both methods, we have considered that any and all hazardous materials which may be present on the site have been fully removed and that the property is in its optimal operating condition. As a result, it is our professional opinion that the Market Value of the Fee Simple Estate, as of September 30, 1987 is: \$6,175,000.

SIX MILLION ONE HUNDRED SEVENTY FIVE THOUSAND DOLLARS

Joseph J. Blake and Associates, Inc.  
Professional Real Estate Appraisers and Consultants

## INDICATED VALUE OF THE FEE SIMPLE ESTATE

In order for the subject property to sell in the current market on a fee simple basis, certain capital expenditures may be necessary. Each item would be payable by either the lessor or lessee as per the previously negotiated lease contract dated May 1, 1980. The expenses are as follows:

Item (Capital Expenditure)	Approximate Amount to Cure *
*****	
Removal of Hazardous Materials	\$ 96,000
Replacement of Roof Cover	150,000
General Painting	17,000
Total	\$263,000

These figures are estimates and are provided for informational purposes only. The subject property has been appraised on the assumption any and all such items have been cured and that it is in its optimal operating condition.

- \* The estimate for hazardous materials removal was provided to the Appraisers by the client. Additional estimates were made through use of the Marshall and Swift Valuation Service. These expense estimates have been provided at the request of the client.

SECTION IV:

VALUATION OF THE  
LEASED FEE ESTATE

## RECONCILIATION OF VALUE INDICATIONS

### Valuation of the Leased Fee Estate

To further support the Appraisers' estimate of value, a valuation of the Leased Fee Estate based on the existing lease will be presented. In this method of valuation, the net income to the lessor will be analyzed in consideration of the terms of the lease.

Since this is a long term lease with level monthly rental payments, capitalization of this income stream can be treated as an ordinary annuity using a single discount rate.

In determining a discount rate, rates on competitive investments must be considered. Real estate investments involve a higher degree of risk and thus warrant a higher return than more liquid investments. In light of this, it is the opinion of the Appraisers that the appropriate discount rate applicable to the subject property is 14%. This rate reflects the potential for the vacated lessor to renege on the original lease agreement.

The presented worth of the reversion at the end of the term must be added to this discounted income stream. A reversionary value of \$8,100,000 was considered applicable in this case.

The present worth of the Leased Fee Estate is estimated as follows:

#### Present Worth of Income Stream

\$55,944 X 26.189956	=	\$1,465,171
(31 months)		

\$68,064 X 30.346810		2,065,525
(91 months) deferred 31 months		

Present Worth of Income Stream		\$3,530,696
--------------------------------	--	-------------

Present Worth of Reversion		
\$8,100,000 X .348011		2,818,882

Value of Leased Fee Estate		\$6,349,585
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	Rounded to	\$6,350,000
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### RECONCILIATION OF VALUE INDICATIONS

The Appraisers have, first, through the application of the Income and Market Data Approach, valued the Fee Simple Estate of the subject property. These two approaches indicated a value of \$6,175,000.

The Appraisers have then valued the Leased Fee Estate based on the actual contract rent and reversionary value of the subject at the termination of said lease. This technique indicated a value of \$6,350,000. Since contract rent is slightly above economic rent, the valuation subject to the existing lease is higher. However, since the property would be bought in the market, subject to the existing lease, the Leased Fee Value is pertinent. In either instance, the mitigation of any and all hazardous materials is assumed.

Therefore, it is our opinion that the Market Value of the Leased Fee Estate, as of September 30, 1987 is: \$6,350,000.

**SIX MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS**

~~~~~

**S E C T I O N   V :**

**A D D E N D A**

## QUALIFICATIONS OF PAUL P. OSTWALD, MAI

Paul P. Ostwald, MAI, is a Principal in the firm of Joseph J. Blake and Associates, Inc., and Manager of the Western Regional Office, located at 2049 Century Park East, Suite 640, Los Angeles, California 90067.

### Education

\*\*\*\*\*

Hofstra University - B.B.A. Degree  
Hempstead, New York

New York University - R.E.I. Designation  
New York, New York

### Appraisal Education

\*\*\*\*\*

#### American Institute of Real Estate Appraisers:

Course I - Basic Principles, Methods and Techniques  
Course II - Urban Properties, Case Studies  
Course IV - Condemnation: Lecture, Case Studies  
Course VI - Ellwood Capitalization  
Course VII - Industrial Property Valuation

#### New York University Real Estate Institute:

- Real Estate Investment Analysis I
- Real Estate Investment Analysis II
- Industrial Real Estate
- Marketing of Residential Communities and Suburban Properties
- Underwriting Mortgage Risk
- Advanced Real Estate Appraisal

### Professional Affiliations

\*\*\*\*\*

Mr. Ostwald is a member of the following:

- American Institute of Real Estate Appraisers, No. 4881
- Los Angeles Board of Realtors
- American Right-of-Way Association
- Real Estate Institute of New York University  
R.E.I. Designation

## QUALIFICATIONS OF PAUL P. OSTWALD, MAI

### Professional Affiliations - Cont'd

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- Realtors Institute of New York State  
G.R.I. Designations
- National Association of Review Appraisers

The following is a partial list of some of the recent assignments completed by Mr. Ostwald or prepared under his supervision:

### Office Buildings

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- Fluor Corporate Headquarters, Irvine, California
- 49 Stevenson Street Office Building, San Francisco, CA
- Bank of America Office Building, Covina, California
- Brea Corporate Plaza, Brea, California
- Kilroy Airport Center, El Segundo, California
- Great Western Bank Plaza, Phoenix, Arizona
- Jefferson Center Office Building, Phoenix, Arizona
- Penn Center, Philadelphia, Pennsylvania
- Interstate Corporate Center, Tempe, Arizona
- Rancho Bernardo Office Building, Rancho Bernardo, CA
- Los Angeles Jewelry Center, Los Angeles, California
- IBM Office Building, Albuquerque, New Mexico

### Shopping Centers

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- Fallbrook Square Shopping Center, Canoga Park, California
- Paradise Valley Mall, Phoenix, Arizona
- Hollywood Galaxy Shopping Center, Hollywood, California
- Kona Coast Shopping Center, Kailua-Kona, Hawaii
- Lakewood Mall, Lakewood, California
- Smith Haven Mall, Smithtown, New York
- Wiegard Plaza Shopping Center, Encinitos, California
- Sun City Shopping Plaza, Sun City, California
- Koko Marina Shopping Center, Honolulu, Hawaii
- Del Norte Shopping Center, Escondido, California

## QUALIFICATIONS OF PAUL P. OSTWALD, MAI

### Business Parks/Industrial

\*\*\*\*\*

- AMF Volt, Santa Ana, California
- Schwinn Building, Rancho Cucamonga, California
- Carson Hills Industrial Park, Compton, California
- College Business Park, Fullerton, California
- Peppertree Business Park, Newberry Park, California
- San Diego Industrial Center, San Diego, California
- Providence Square Business Park, Orange, California
- Fullerton Industrial Complex, Fullerton, California
- Price Club, Woodland Hills, California

### Hotels

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- Anaheim Marriott, Anaheim, California
- Beverly Hilton Hotel, Beverly Hills, California
- Post and Mason Portman Hotel, San Francisco, California
- Santa Monica Marriott, Santa Monica, California
- Amfac Hotel, San Francisco, California
- Santa Barbara Red Lion, Santa Barbara, California
- Dunes Hotel, Palm Springs, California
- Bellevue Red Lion Motor Inn, Bellevue, Utah
- Hilton Hawaiian Village, Honolulu, Hawaii
- La Quinta, Las Vegas, Nevada
- Kona Hilton Beach and Tennis Resort, Kailua-Kona, Hawaii

### Apartments/Condominiums

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- The Wilshire House, Los Angeles, California
- Golden Gateway Commons, San Francisco, California
- Paradise Spa Condominiums, Las Vegas, Nevada
- River Oaks Apartments, Riverside, California
- Woodbend Apartments, Vista, California
- Tamarus Royal Apartments, Irvine, California
- Dorchester Apartments, Los Angeles, California

### Multi-Use/Special Use

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- ABC Entertainment Complex, Los Angeles, California
- The Broadway Plaza, Los Angeles, California
- Los Angeles International Airport, Los Angeles, California
- Allenmore Hospital, Seattle, Washington
- Downey Retirement Center, Downey, California

## QUALIFICATIONS OF PAUL P. OSTWALD, MAI

Following is a partial list of representative clients served by Joseph J. Blake and Associates, Inc.

- Balcor Financial
- Bank of America
- Barclays Bank
- Barnett-Range Corporation
- Boettcher Properties, Ltd.
- California Employees Retirement System
- Century Partners
- CIGNA Capital Advisors, Inc.
- Richard Ellis, Inc.
- Federal Deposit Insurance Corp.
- First Chicago Investment Advisors
- Fox and Carskadon Financial Corp.
- Glenfed Realty
- Grumman Corporation
- Hilton Hotel Corporation
- Home Savings Bank
- Internal Revenue Service
- JMB Institutional Realty Corp.
- Johnson Wax Development Corp.
- Karsten Institutional Advisors
- La Salle Partners
- Lincoln Properties
- Mace Rich
- Montgomery Realty Investment
- Morgan Stanley & Co.
- Pacific Rem Development
- Phoenix Mutual Life Insurance Co.
- Raffles Hotels
- Saint Paul Federal Bank for Savings
- Tollman-Hundley Hotels
- Trammell Crow Companies
- Unicorp American Corporation
- VMS Realty, Inc.
- Vallico Park
- Wells Fargo Realty
- Winthrop Financial

## QUALIFICATIONS OF SANDRA L. BERG

Sandra L. Berg is an Appraiser-Associate of the Western Regional Office of Joseph J. Blake and Associates, Inc., located at 2049 Century Park East, Suite 640, Los Angeles, California.

### Education

\*\*\*\*\*

Bachelor of Science, Magna Cum Laude  
Business Administration  
University of Southern California

Emphasis: Real Estate Finance and Investments

### Appraisal Education

\*\*\*\*\*

Urban Real Estate  
Real Estate Valuation  
Real Estate Finance and Investments  
Real Estate Law  
Investment Analysis

### American Institute of Real Estate Appraisers:

Course 1A1: Real Estate Appraisal Principles  
Course 1BA: Capitalization Theory and Techniques  
Part A  
Course 1BB: Capitalization Theory and Techniques  
Part B

### Society of Real Estate Appraisers:

Course 101: Introduction to Real Property Appraising  
Course 201: Introduction to Income Producing Property  
Appraising

### Marshall & Swift Cost Handbook Seminars:

Marshall Valuation Handbook -- Square Foot and  
Segregated Methods

Residential Cost Handbook -- Calculator Method

## QUALIFICATIONS OF SANDRA L. BERG

## Experience

Ms. Berg has assisted in the preparation of various appraisals by the firm. Her assignments as a Real Estate Appraiser include site valuation, income property valuations, neighborhood analyses, and market data research.

Some recent projects completed by Ms. Berg are as follows:

- Rodeo Drive Retail Building  
Beverly Hills, California
- Proposed Vineyard Village Apartments  
Ontario, California
- Days Inn Motor Hotel  
Monterey, California
- Hi Rise Luxury Apartments  
Wilshire Corridor, Los Angeles, California
- 3 Industrial Properties owned by Prudential Insurance  
Burbank/City of Industry, California
- Hollywood Boulevard Retail Building  
Hollywood, California
- Existing and Proposed Congregate Care Facilities  
Chatsworth, Escondido, Sun City, Simi Valley
- New Townhome Project  
San Dimas, California
- Proposed Industrial Park  
Pacoima, California
- Proposed Raffles Hotels  
Lompoc, Santa Maria, Salinas, and Vacaville, California  
Wendover, Nevada
- Antelope Valley Plaza Shopping Center  
Lancaster, California
- Agricultural Subdivision  
Lompoc Valley, California



## DOCUMENT 5

M E M O R A N D U M

To: Sandy Lin  
From: Ana Perez *AP*  
Re: PRISA 415  
Technibilt Facility  
Date: December 27, 1989.

Attached please find the following items related to the sale of the above referenced property:

1. Settlement Statement
2. Purchase and Sale Agreement including two Amendments thereto
3. Corporate Authorization.

Please call if you have any questions.

cc: Patricia Spathes  
✓ Nick Wuench

AMENDMENT NO. 1

TO

AGREEMENT OF PURCHASE AND SALE  
AND ESCROW INSTRUCTIONS

NOVEMBER 18, 1988

To: Commerce Escrow  
1545 Wilshire Boulevard, Suite 600  
Los Angeles, California 90017  
Attention: Mr. Mark Minsky, Escrow Officer  
Escrow No. 88-8472


The Agreement of Purchase and Escrow Instructions dated October 17, 1988 ("Agreement") is hereby amended as follows:

- A. Prior to closing, Seller, at its sole expense, shall engage a contractor (the "Contractor") to perform the work outline in the document entitled "Application for Closure and Proposed Remediation Plan of a Below Grade Sump at One West Alameda, Burbank, California" dated November 4, 1988, prepared by M.B. Gilbert Associates (the "Remediation Plan"). Closing of escrow is conditioned upon completion of the work described in the Remediation Plan to the satisfaction of the Los Angeles County Department of Public Works (the "Department") and the issuance by the Department of a closure report. Seller makes no representations, warranties, or covenants to Buyer as to the quality or adequacy of the work to be performed by the Contractor; provided, however, that at Buyer's request, Seller shall assign to Buyer any rights, including warranty rights if any, that Seller may have with respect to the Contractor in connection with the performance of such work.
- B. Upon closing, Seller hereby authorizes Escrow Holder to withhold from proceeds otherwise due to Seller the amount of seventy seven thousand, one hundred dollars (\$77,100.00.). The amount withheld shall be deposited in a separate escrow (the "Asbestos Escrow") to be established by Buyer. The Asbestos Escrow shall be established by separate instructions to be signed by Buyer and delivered to Escrow Holder prior to closing; Seller shall not be a party to the Asbestos Escrow. The proceeds of said Asbestos Escrow shall be delivered to Buyer or Buyer's Contractor upon Buyer's demand.

Upon closing of this escrow, Buyer shall be deemed to have released Seller of all liability and responsibility relating to the presence of asbestos on the Real Property or the remediation or removal of such asbestos. Buyer shall indemnify and hold harmless Seller from any claim, demands, causes of action, damages, and liabilities which may be asserted by any party against Seller relating to actions taken by Buyer or its agents or independent contractors in connection with any removal or remediation of asbestos on the Real Property which occurs after close of escrow. The foregoing indemnification includes without limitation costs of defensive actions and reasonable attorneys fees.

- C. The "Inspection Contingency Period" and "Financing Contingency Period" described in Paragraph 14C of the Agreement are hereby terminated, and such contingencies are hereby deemed satisfied and removed.

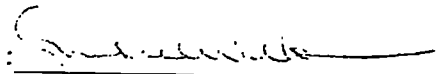
BUYER:

  
Charles P. Cusumano

November 18, 1988

SELLER:

THE PRUDENTIAL INSURANCE COMPANY  
OF AMERICA

By:   
Vice President

November 18, 1988

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# PROPERTY SALE PROPOSAL

WESTERN DIVISION REI

OCT 27 1988

Property No. PRISA 415

Address or Location: One West Alameda Avenue  
812 South Flower Street  
Burbank, California

Purchaser Charles P. Cusumano, or nominee acceptable to The Prudential

Sale price .....\$ 7,000,000

Cash .....\$ 7,000,000

Contract Sale for a term of ..... with interest at ..... %  
payable ..... beginning  
and payments of \$ ..... to include interest  
payable ..... beginning  
Principal .....\$ N/A

Purchase Money Mortgage for a term of ..... with interest at ..... %  
payable ..... beginning  
and payments of \$ ..... to include interest  
payable ..... beginning  
Prepayment Privilege: ..... from closing date. Principal .....\$ N/A

Commission payable to Grubb & Ellis .....\$ 245,000  
Address 4827 Sepulveda Blvd.

Tax I.D. No. Suite 250  
Sherman Oaks, California 91403  
Attn: Greg Barsamian

Repairs to be made by Prudential as a condition of this sale .....\$ 77,000

Credit for Asbestos Removal

Stamp tax to be paid by Prudential .....\$ 7,700  
Other closing costs (Itemize):

Escrow Fees, Title Costs, Etc.. .....\$ 9,300

SPECIAL PROVISIONS:  
Insurance to be cancelled. Net Sales Proceeds \$ 6,661,000  
Taxes N/A

Assessments N/A

Title to be conveyed by Grant deed.  
Closing date within 3 months of corporate approval

(Note: Selling Expenses total 339,000)

Approved for submission *[Signature]* Attorney.

*Copies Sent  
to field  
10-25-88*

|                                     |                                   |                                                                                        |                                                                              |
|-------------------------------------|-----------------------------------|----------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| REAL ESTATE<br>INVESTMENT<br>OFFICE | RECOMMENDED<br><i>[Signature]</i> | <input type="checkbox"/> AUTHORIZED<br><input checked="" type="checkbox"/> RECOMMENDED | SIGNATURE<br><i>[Signature]</i><br>TITLE VICE PRESIDENT AFS<br>DATE 10/20/88 |
| DIVISION                            | RECOMMENDED                       | <input type="checkbox"/> AUTHORIZED<br><input type="checkbox"/> RECOMMENDED            | SIGNATURE<br><i>[Signature]</i><br>TITLE<br>DATE                             |
| CORPORATE<br>HOME<br>OFFICE         | RECOMMENDED                       | <input type="checkbox"/> AUTHORIZED<br><input checked="" type="checkbox"/> RECOMMENDED | SIGNATURE<br><i>[Signature]</i> 10/24/88<br>TITLE Vice President             |

## PROFIT or LOSS ANALYSIS (Estimated at time sale is recommended)

| Following to be furnished on all sales              | Use only on sale of PTE or foreclosed properties   |
|-----------------------------------------------------|----------------------------------------------------|
| Total Actual Cost (Incl Sale Exp.).....\$ 5,027,252 | Rehabilitation chargeable to R. E. Cost and        |
| Less Accrued Depreciation.....\$ 1,057,787          | Included in Total Actual Cost .....                |
| Depreciated Cost.....\$ 3,969,465                   | Income During Ownership .....                      |
| Book Value Adjustments prior to Sale.....\$ -0-     | Operating Expenses (Including Repairs. \$ .....    |
| Book Value .....                                    | chargeable to R. E. Expense .....                  |
| Profit or Loss on Depreciated Cost.....\$ 2,691,535 | Total Net Income or Expense During Ownership ..... |
| Profit or Loss on Book Value.....\$ 2,691,535       | Interest on Loan to Acquisition .....              |

AMENDMENT NO. 2  
TO  
AGREEMENT OF PURCHASE AND SALE  
AND ESCROW INSTRUCTIONS

December 16, 1989

TO: Commerce Escrow  
1545 West Boulevard, Suite 600  
Los Angeles, California 90017  
Attn: Gretchen J. Lund, Escrow Officer

Re: Escrow No. 88-8472  
Our PRISA 415

The Amendment Of Purchase And Sale And Escrow Instructions dated October 17, 1988, as amended on November 18, 1988 (jointly the "Agreement") is hereby further amended, and you are instructed in relation thereto, as follows:

In Amendment No. 1 of November 18, 1988 to the Agreement, Seller agreed to complete the Remediation Plan and obtain a Department closure report demonstrating such completion. Buyer and Seller have had further discussions pertaining to the feasibility of completion of the Remediation Plan as a condition to the close of escrow and the desire of Buyer and Seller that close of escrow occur during progress of completing the Remediation Plan and the closure report of the Department. Seller has engaged a Contractor who is proceeding with the Remediation Plan and Seller hereby agrees to continue monitoring the progress of Contractor to completion of the Remediation Plan and obtaining of the required Department closure report. Seller shall continue to be responsible to provide the required Remediation and shall use its best efforts to obtain the required Department closure report as soon as possible after closing. Buyer hereby grants to Seller and its agents a right of entry to accomplish such Remediation and closure report.

Accordingly, you are instructed to proceed to close escrow under all the terms of the Agreement, which are incorporated herein.

Executed at Los Angeles, California this 16th day of December, 1988.

BUYER:

SELLER

RPM INVESTMENTS INC.

THE PRUDENTIAL INSURANCE COMPANY  
OF AMERICA

By: \_\_\_\_\_  
Mark R. Minsky, President

By: \_\_\_\_\_  
Vice President

By: \_\_\_\_\_  
Philip R. Graf, Vice President

By: \_\_\_\_\_  
Assistant Secretary



COMMERCE ESCROW COMPANY  
1545 Wilshire Blvd., Suite 600, Los Angeles, California 90017  
(213) 484-0855

## ESCROW CLOSING STATEMENT

ESCROW NO. 88-8472  
CLOSING DATE: DECEMBER 21, 1988

THE FIDUCIARY INSURANCE COMPANY OF AMERICA  
IN ESCROW WITH  
CHARLES P. CUSUMANO, DIANNA J. CUSUMANO,  
ROGER A. CUSUMANO, AND EVELYN M. CUSUMANO

|                                                           |                           |
|-----------------------------------------------------------|---------------------------|
| DEMAND FOR DEED                                           | 7,000,000.00              |
| DEPOSIT                                                   |                           |
| CHARGES:                                                  |                           |
| TITLE POLICY                                              | 6,301.00                  |
| ESCROW FEE (HALF)                                         | 3,000.00                  |
| TRANSFER TAX                                              | 7,700.00                  |
| COMMISSION                                                | 242,301.50                |
| PRO-RATIONS:                                              |                           |
| RENT (PER STATEMENT)                                      | 19,851.01                 |
| FUNDS TRANSFERRED ESCROW NO. 88-8789<br>FOR ASBESTOS WORK | 77,100.00                 |
| FUNDS WIRED PER REQUEST                                   | 6,643,746.49              |
| TOTALS                                                    | 7,000,000.00 7,000,000.00 |

SAVE FOR INCOME TAX PURPOSES



COMMERCE ESCROW COMPANY

OCTOBER 24, 1988

VIA MESSENGER

MS. ANNA MARIA PEREZ  
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA  
2049 CENTURY PARK EAST, SUITE 2550  
LOS ANGELES, CA 90067

MR. CHARLES P. CUSUMANO  
101 S. FIRST ST., SUITE 400  
BURBANK, CA 91502

RE: ESCROW NO. 88-8472  
ONE WEST ALAMEDA AVE. & 812 S. FLOWER ST.

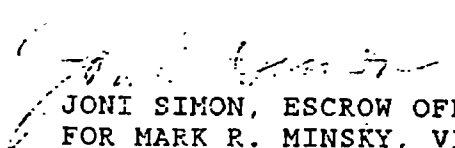
GENTLEPERSONS:

PLEASE FIND ENCLOSED FOR YOUR FILES A DUPLICATE ORIGINAL FULLY  
EXECUTED AGREEMENT OF PURCHASE AND SALE AND ESCROW INSTRUCTIONS  
DATED OCTOBER 17, 1988, WHICH AGREEMENT WILL SERVE AS OUR ESCROW  
INSTRUCTIONS.

BUYER IS REQUESTED TO DEPOSIT \$200,000.00. A FORM W-9 IS ENCLOSED  
FOR COMPLETION, SIGNATURE AND RETURN SO THAT WE CAN OPEN AN  
INTEREST BEARING ACCOUNT AT IMPERIAL BANK UPON CHECK CLEARANCE.

FEEL FREE TO CALL SHOULD YOU HAVE ANY QUESTIONS.

VERY TRULY YOURS,

  
JONI SIMON, ESCROW OFFICER  
FOR MARK R. MINSKY, VICE PRESIDENT

ENCS.

CC W/OUT ENCS.:

---

ROBERT L. RICE, ESQ.  
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA  
2029 CENTURY PARK EAST, SUITE 3700  
LOS ANGELES, CA 90067



AGREEMENT OF PURCHASE AND SALE  
AND ESCROW INSTRUCTIONS

To: Commerce Escrow  
1545 Wilshire Boulevard, Suite 600  
Los Angeles, California 90017  
Attn: Mark Minsky (213) 484-0855

RE: Your Escrow Number 88-8472  
Prudential Property Number PRISA 415

This Agreement of Purchase and Sale and Escrow Instructions (hereinafter "Agreement") is dated this 17 day of October, 1988 by the parties hereto, THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation (hereinafter referred to as "Seller"), and Charles P. Cusumano or his nominee acceptable to Seller (hereinafter referred to as "Buyer") who do hereby agree among themselves and instruct you, Commerce Escrow (sometimes hereinafter referred to as "You" or as "Escrow Holder"), as follows:

1. SALE.

Seller does hereby agree to sell to Buyer and Buyer does hereby agree to purchase from Seller that certain real property (sometimes hereinafter referred to as the "Real Property") located at One West Alameda Avenue and 812 South Flower Street, Burbank, California consisting of two (2) industrial buildings (hereinafter referred to as the "Building") together with all improvements and fixtures thereon, including all machinery, equipment, partitions, heating, cooling, ventilating, light, electrical, power,

communications, sanitation, waste removal and other utility facilities, wall, window and floor coverings and decorations, and any and all appurtenances, mineral, water or other rights owned by Seller which are incidental to the ownership of the Real Property; and all tangible personal property, if any, owned by Seller and used in connection with the operation of the Building (sometimes hereinafter referred to as the "Personal Property"). The legal description of the Real Property is attached hereto as Exhibit "A" and incorporated herein by this reference as though set forth in full at this place. The Personal Property is inventoried on, and shall be conveyed by Seller to Buyer by means of, the Bill of Sale attached hereto as Exhibit "B" and incorporated herein by this reference as though set forth in full at this place.

The Building and all of the aforesaid Real Property, Personal Property, tangibles and intangibles, are sometimes collectively referred to hereinafter as the "Property".

## 2. PURCHASE PRICE AND PAYMENT TO SELLER:

The purchase price (hereinafter "Purchase Price") to be paid by Buyer to Seller for the Property is the sum of Seven Million and No/100 Dollars (\$7,000,000.00) subject to adjustments as provided in this Agreement. Upon execution of this Agreement by Seller and Buyer, Buyer will deposit with Escrow Holder the sum of Two Hundred Thousand Dollars and No/100 (\$200,000.00) earnest money. If Buyer shall extend the closing date beyond November 30, 1988 under Paragraph 8 hereof, then Buyer shall deposit into escrow no later than November 30, 1988 an additional \$100,000 earnest money. Such earnest money will be placed in an interest bearing account with interest earned to accrue to the account of Buyer. Such earnest money will become non-refundable to Buyer upon the completion of the Inspection Contingency Period and the Financing Contingency Period as hereinafter defined. The balance

of the Purchase Price shall be deposited with Escrow Holder in cash or cashier's or certified check not later than the business day next preceding the Close of Escrow.

The net proceeds from the sale of the Property are to be wire transferred by You by Federal Reserve Bank Wire on the Closing date as follows:

Morgan Guaranty Trust Company  
30 Wall Street  
New York, New York  
For Prudential Account Number  
050-53-360  
Morgan's Representative: Dan Rosenthal  
(212) 483-2875

The wire transfer shall include the reference: "Sale Proceeds of PR 415, Burbank, California." You shall instruct Morgan Guaranty Trust Company to confirm the receipt of the funds to Debbie Watson (201) 802-8992.

3. TITLE AND TITLE INSURANCE.

Seller shall convey to Buyer a good title to the Real Property by Grant Deed, free and clear of all liens, encumbrances, easements and claims except for the title exceptions contained in a Preliminary Title Report (hereinafter referred to as the "Preliminary Title Report") issued by Stewart Title (hereinafter "Title Company") (under Order Number 334406, dated April 14, 1988, as that Preliminary Title Report may be amended from time to time as approved by Buyer and Seller). A copy of the Preliminary Title Report has been delivered by Seller to Buyer.

At Close of Escrow you shall cause to be issued through escrow an Owner's Policy of Title Insurance providing for standard coverage showing only those title exceptions appearing in the Preliminary Title Report and any additional exceptions approved by Buyer and Seller, underwritten by the Title Company insuring Buyer with liability in the amount of the Purchase Price. The original of said policy shall be delivered by Escrow Holder to Buyer at Close of Escrow, with a copy to Seller.

4. SELLER'S DELIVERY INTO ESCROW.

Seller will deliver to You the following prior to Close of Escrow:

- A. A Grant Deed conveying fee simple title to the Real Property to Buyer which You shall cause to be recorded pursuant to these instructions.
  - B. Two originals of a Bill of Sale conveying title to the Personal Property in the form of Exhibit "B" attached hereto.
  - C. Duplicates of an Assignment and Assumption of Lease in the form of Exhibit "C" attached hereto which documents shall have been executed by Seller and shall be in recordable form.
  - D. An affidavit from Seller stating that Seller is not a "Foreign Person" under the Foreign Investment in Real Property Tax Act of 1980 ("FRPTA").
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- E. Any Affidavit or certificate required by the State to be filed with regard to any ad valorem or excise tax pertaining to the Property or the sale.

G. 1099-B Certification.

H. Confirmation that the cleanup of the former oil sumps currently in progress supervised by M.B. Gilbert Associates has been completed. A closure report by the Los Angeles Department of Public Works with respect to the former oil sumps is a condition precedent to Close of Escrow. Close of Escrow shall relieve Seller of all liability with respect to any soil contamination at such oil sumps.

5. BUYER'S DELIVERY INTO ESCROW.

Buyer will deliver to You the following prior to Close of Escrow:

A. The balance of the Purchase Price (as provided in Paragraph 2 above) plus such additional funds as are required to pay escrow charges payable by Buyer hereunder, less any credits Buyer is entitled to under the terms hereof.

B. Two originals of the executed (by Buyer) counterparts of the documents described in Paragraphs 4C, 4D and 4E above.

6. CHARGES.

A. Your fees as Escrow Holder with respect to this sale shall be shared equally by Seller and Buyer. You are hereby directed to deduct all Seller's charges from the sale proceeds delivered into escrow.

B. The aggregate premium for the Owner's Policy of the Title Insurance shall be paid by Seller.

C. All expenses and charges incurred in connection with the discharge of delinquent taxes, if any, or liens or encumbrances, shall be charged to Seller.

D. Each party shall be responsible for payment of the fees and expenses of its counsel, if any, relating to this sale.

E. Any documentary or transfer taxes shall be paid by Seller.

~~F. Any other closing costs or charges including recording fees are to be paid by Buyer.~~



7. PRORATIONS.

A. Seller represents that the lease affecting the Building is triple net, therefore, there will be no prorations of real estate taxes, water, electricity, gas or other utility payments.

B. You are to prorate all rents and charges (including cost of living escalation payments and "net bonus" as defined in the lease) due under the lease referred to in Paragraph 12 below (sometimes hereinafter referred to as the "Lease"), based on the number of days in the month of Close of Escrow as of the date of Close of Escrow based upon figures to be jointly supplied to You by Buyer and Seller. If at the Close of Escrow there are any past due rents or charges owed by tenants with respect to periods prior thereto, it shall be assumed for purposes of proration that all such amounts have

been received by Seller; Buyer, however, shall cooperate with Seller in collecting such amounts, and any such amounts paid by tenants to Buyer or its agents after the Closing shall forthwith be paid over to Seller. In the event that Seller shall have received any prepaid rents or other charges from tenants applicable to periods after the Close of Escrow then Buyer shall be credited through Escrow with such rents and charges as of the Close of Escrow.

If Seller receives any amounts attributable to the period after Close of Escrow, whether as rent charges or otherwise payable to Buyer, Seller shall forthwith pay such amounts to Buyer.

C. Buyer shall be credited through escrow with the amount of any tenant security deposits or any other tenant deposits held by Seller or on behalf of Seller.

D. All installments of bonds, special taxes or assessments which are a lien on the Property and are due and payable at the time of Closing shall be paid by Seller, provided however, all installments of bonds, special taxes and assessments which become due and payable after the Closing shall be assumed by Buyer.

E. There will be no insurance policies assigned through this escrow and hence there will be no proration of insurance premiums.

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8. CLOSE OF ESCROW.

You are to close escrow as of the date (herein referred to as "Close of Escrow" or "Closing") as soon as you have received the items specified in Paragraphs 2, 4 and 5 and upon compliance by You with this Agreement, but in any case by November 30, 1988, unless such date shall be extended by written agreement of Seller and Buyer. So long as Buyer is not in default of this Agreement, Buyer shall have the option of extending this Escrow until December 30, 1988 by depositing an additional One Hundred Thousand Dollars (\$100,000.00) non refundable deposit into escrow. Said deposit shall be credited towards the Purchase Price at Closing. As of the Close of Escrow (i) you are to record (in Los Angeles County) the documents described in Paragraph(s) 4A and 4C, and (ii) you are to deliver (a) one original each of the documents described in Paragraphs 4B, 4C and 4H to Buyer and Seller (b) the original title policy described in Paragraph 3 to Buyer with a copy to Seller and (c) the 1099-B Certification with a copy of completed Form 1099-B to both Buyer and Seller.

9. REAL ESTATE COMMISSIONS.

Seller will deliver to You prior to Close of Escrow a letter of instructions with respect to the payment of any real estate commissions that may be payable by Seller on the consummation of this sale. Said letter will authorize You to deduct such commissions from the cash proceeds owing to Seller and to disburse the commissions from the cash proceeds by check directly to Grubb and Ellis ("Broker") as more precisely directed in such letter of instructions.



10. AMENDMENTS.

All amendments and supplements to this Agreement must be in writing and executed by Buyer and Seller except with regard to Paragraph 9.

11. NOTICES.

Whenever You or any party hereto shall desire to give or serve upon the other any notice, demand, request or other communication, each such notice, demand, request or other communication shall be in writing and shall be given or served upon the other party by personal service or by first class United States mail, postage prepaid, addressed as follows:

TO SELLER: THE PRUDENTIAL INSURANCE COMPANY OF AMERICA  
2049 CENTURY PARK EAST, SUITE 2550  
LOS ANGELES, CALIFORNIA 90067  
ATTENTION: Ana Maria Perez

TO BUYER: CHARLES P. CUSUMANO  
101 SOUTH FIRST STREET  
SUITE 400  
BURBANK, CALIFORNIA 91502 91502

TO ESCROW  
HOLDER: COMMERCE ESCROW  
1545 WILSHIRE BLVD. #600  
LOS ANGELES, CALIFORNIA 90017  
ATTN: MARK MINSKY

Any such notice, demand, request or other communication shall be deemed to have been received upon personal delivery thereof or

three (3) days after having been mailed as provided above, as the case may be.

12. LEASES AND ESTOPPEL LETTERS.

(i) Attached hereto as Exhibit "C" and incorporated herein by this reference as though set forth in full herein is a form of Assignment and Assumption of Lease, duplicate originals of which Buyer and Seller agree to execute and deposit in recordable form with the Escrow Holder.

(ii) As a condition precedent to the Close of Escrow, a written certificate in substantially the form of Exhibit "D" attached hereto and incorporated herein by this reference must be obtained from the tenant at the Property or from Seller acknowledging:

(a) That the lease agreement (identified by date) and any amendments and modifications thereto (also identified by date) are the only agreement(s) of any nature between Seller and the tenant.

(b) That Seller is not in default of its obligations as landlord under the lease agreement and the lease is in full force and effect.

(iii) In the event prior to Close of Escrow, Seller, in good faith, is unable to obtain a certificate (as described in subparagraph (ii) immediately above) from the tenant at the Property, then Seller shall provide such certificate. If after closing Seller is able to obtain such certificate from the Tenant, then the Tenant's certificate will replace Seller's certificate.

(iv) Buyer and Seller hereby agree that Buyer shall be responsible for any leasing commissions, tenant improvement costs to be borne by the landlord under any leases at the Property and any other expenses to be borne by the landlord which arise out of leases executed following the date of this Agreement or which arise out of the exercise by the tenant under any lease existing prior to the date of this Agreement of an extension or expansion option.

13. INTENTIONALLY OMITTED

14. MATTERS OF AGREEMENT BETWEEN BUYER AND SELLER.

As matters of understanding between Buyer and Seller with which You are not to be concerned, Buyer and Seller agree as follows:

A. SELLER'S REPRESENTATIONS AND WARRANTIES.

Seller represents and warrants as follows:

- (i) To the best knowledge and information of Seller:
  - (a) Seller has complied with and fulfilled all of Seller's obligations under all Leases, (b) Other than as disclosed in writing to Buyer, Seller has not received notice nor does it know of any violation of any statute, ordinance, rule or regulation of any governmental authority requiring any work to be done affecting the Property, (c) there are no condemnation or similar proceedings against the Property, either pending or anticipated, (d) the existing survey for the Property in Seller's possession (sometimes hereinafter referred to

as the "Survey") is true and correct in all respects, (e) there are no adverse claims of adjoining property owners against the Property, (f) there are no encroachments by Seller on the property of others or by others on the Property except as may be shown on the Survey, and (g) all fences and walls of Seller are located within the lines of the Real Property except as may be shown on the Survey.

(ii) To the best knowledge of Seller, other than as previously disclosed in writing to Buyer the building and the operations of Seller therein are not in violation of any existing federal, state or local law, ordinance, rule, regulation or order.

(iii) Subject to Paragraph 14T, Seller and all persons acting for and on behalf of Seller have the necessary authority to execute documents and to otherwise consummate this transaction.

(iv) All Personal Property located on the Property and all fixtures attached to, pertinent to, or used in connection with the Property being conveyed by Seller hereunder are owned by it and are free of all liens and encumbrances except as may be shown in the Preliminary Title Report.

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(v) Seller has received no notice nor does it know of any ad valorem tax or assessment affecting the Property which is not shown as an existing lien on the records of any taxing authority which levies ad valorem taxes or assessments.

B. BUYER'S REPRESENTATIONS AND WARRANTIES.

Buyer represents and warrants as follows:

(i) If Buyer is a Partnership it is duly organized and validly existing in good standing under the laws of the State of California and has power and authority to own its properties and to transact the business in which it is engaged and has taken all necessary action to authorize the execution, delivery and performance of this Agreement, and this Agreement constitutes a valid and binding obligation of Buyer.

(ii) Buyer has the right, power, legal capacity and authority to enter into and perform its obligations under this Agreement, and no approvals or consents of any persons other than Buyer are required in connection with this Agreement. The execution of this Agreement and consummation of the transactions contemplated hereby will not result in or constitute any default or event that, with notice or lapse of time or both, would be a default, breach or violation of the organizational instruments or laws governing Buyer or any lease, license, promissory note, conditional sales contract, commitment, indenture, mortgage, deed of trust, or other agreement, instrument, or arrangement to which Buyer is a party or by which Buyer is a party or by which Buyer is bound.

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(iii) Buyer (or its representatives) will have fully examined and inspected the Property prior to the Close of Escrow, and Buyer will know and be satisfied with the physical condition, quality, quantity and state of repair of the Property in all respects and that the same

is acceptable to Buyer "as is", and Buyer agrees that no representations, statements or warranties have at any time been made by Seller, or its agents, as to the physical condition, quality, quantity, or state of repair of the Property or related to the operations or prospects for the Property in any respect which have not been expressed in this Agreement.

C. INSPECTION CONTINGENCY PERIOD, FINANCING CONTINGENCY PERIOD.

(i) This Agreement is subject to Buyer's inspection and approval of a final asbestos report for the property by October 31, 1988 "Inspection Contingency Period". Buyer has already inspected and approved the interior and exterior of the building including all mechanical systems and (a) the Preliminary Title Report and the Survey of the Property, (b) existing Lease affecting the Property, (c) books and records of the Property's operation and management for the past two years, and the Property income and expenses. Seller has furnished Buyer with copies of the above documents: Buyer's approval of its inspections shall be made by Buyer issuing his approval in writing to the Escrow Holder, prior to October 31, 1988. If Buyer fails to issue his approval in writing prior to October 31, 1988, then Escrow Holder shall deem this Agreement terminated and shall give Seller written notice thereof and all deposits given by Buyer shall be returned to Buyer, less any escrow or title costs which may have been incurred by Buyer and Buyer shall immediately return to Seller all books, records, leases, surveys and other items which were delivered to Buyer by Seller. Buyer and its

representatives, agents and designees shall have the right to enter upon the Property, at Buyer's sole cost and expense, in order to inspect and investigate the same. Such entry shall be made only after reasonable advance written notice to Seller by Buyer and at times acceptable to Seller and any tenants or other occupants of the Building. Buyer hereby indemnifies and agrees to hold Seller and the Property free and harmless from and against all liabilities, claims, expenses and liens arising out of any such entry by Buyer or its representatives, agents or designees. Buyer's indemnity shall include attorneys' fees and costs incurred by Seller to defend itself against any such claim, shall survive the Close of Escrow and shall continue until the later of the final disposition of any action to enforce the same or the date on which the statute of limitations with respect thereto has lapsed.

(ii) Buyer has until October 31, 1988 to obtain a commitment from a lender of his choice (Financing Contingency Period) for a loan in an amount not less than Five Million Dollars (\$5,000,000) at an interest rate not to exceed 10½% per annum for a term of seven years. Buyer shall notify Seller immediately upon receipt of such commitment and such notice shall remove this Financing Contingency. If Buyer does not notify Seller by October 31, 1988 that he has obtained such commitment, then it shall be deemed that Buyer has failed to receive the required financing commitment and this Agreement shall terminate and all deposits given by Buyer shall be returned to Buyer, less any escrow or title cost which may have been incurred by Buyer.

D. MAINTENANCE OF PROPERTY DURING ESCROW AND  
CONFIDENTIALITY.

(i) Subject to Paragraph 14E below, Seller agrees to maintain the Property in its present condition, fair wear and tear excepted, until the Close of Escrow, and will not enter into any new leases or agreements pertaining to the Property without Buyer's consent which consent shall not be unreasonably withheld. The failure by Buyer to object to any new leases or agreements within five (5) business days of notice of same from Seller shall be deemed to be (i) Buyer's approval of same and consent to the execution by Seller of those leases or agreements and (ii) the binding of Buyer to the provisions of such leases or agreements after the Close of Escrow.

(ii) Buyer agrees to keep and maintain and shall cause its officers, partners and employees to keep and maintain any information, whatsoever, concerning this transaction confidential and not disclose any terms of the transaction to any person or firm outside of its organization except for escrow holder and lender. This agreement for confidentiality shall include but not be limited to all items provided to Buyer by Seller and any reports or inspections which Buyer may have performed or had performed on its behalf. In the event Buyer elects to terminate this Agreement pursuant to (i) above, Buyer shall promptly return all items furnished to Buyer by Seller and deliver all reports or inspections, whatsoever concerning the Property.



E. POSSESSION AND RISK OF LOSS.

(i) At Close of Escrow, Seller, subject to subparagraph (ii) immediately below, shall deliver to Buyer possession of the Property and each part thereof, subject, however, to the rights of any tenants of the Property.

(ii) In the event prior to Close of Escrow the Property shall sustain damage caused by fire or other casualty which would cost \$250,000 or more to repair, or a taking or condemnation has occurred, or is threatened, of all or any portion of the Property as would materially interfere with the existing use thereof, Buyer or Seller may, at its option, terminate this Agreement by written notice to the other within fifteen (15) days after notice of such event, or at the intended Close of Escrow, whichever is earlier. In such event, Buyer shall be entitled to the immediate recovery of all sums deposited by it into escrow. If neither Buyer nor Seller so elects to terminate its obligations under this Agreement, the Close of Escrow shall take place as provided herein without abatement of the Purchase Price, and there shall be assigned to Buyer at the Close of Escrow all of the Seller's interest in and to any insurance proceeds or condemnation awards which may be payable to Seller on account of such occurrence and Seller shall have no obligation of repair or replacement.

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In the event, prior to Close of Escrow, the Property shall sustain damage caused by fire or other casualty which would cost less than \$250,000 to repair, or a

taking or condemnation has occurred, or is threatened, as would not materially interfere with the existing use thereof, Buyer and Seller shall have no right to terminate this Agreement, and there shall be assigned to Buyer at the Close of Escrow all of Seller's interest in and to any insurance proceeds or condemnation awards which may be payable to Seller on account of any such occurrence, and Seller shall have no obligation of repair or replacement.

F. BUYER'S REMEDIES.

In the event that Seller, after the opening of escrow hereunder, is unable to convey marketable title in accordance with the terms of this Agreement, or in the event of the failure of any contingencies in favor of Buyer set forth in this Agreement and Buyer has not waived such contingencies, this Agreement may be terminated at the option of Buyer. If Buyer terminates the Agreement under this paragraph, Seller shall refund or cause to be refunded all of Buyer's deposits and thereafter both Buyer and Seller shall be relieved of any further liability hereunder.

G. SELLER'S REMEDIES.

SELLER'S SOLE REMEDY IN THE EVENT THAT PRIOR TO CLOSE OF ESCROW BUYER BREACHES ANY OF ITS OBLIGATIONS UNDER THIS AGREEMENT, SHALL BE FOR SELLER TO DECLARE THIS AGREEMENT TERMINATED BY WRITTEN NOTICE TO BUYER. BOTH PARTIES AGREE THAT IF SELLER SO TERMINATES THIS AGREEMENT, SELLER SHOULD BE ENTITLED TO COMPENSATION FOR THE DETRIMENT SUFFERED BY IT, BUT THAT IT IS EXTREMELY DIFFICULT AND IMPRACTICAL TO ASCERTAIN THE EXTENT OF SUCH DETRIMENT, AND THUS TO AVOID THESE PROBLEMS, THE PARTIES AGREE TO LIQUIDATED DAMAGES BY

AGREEING THAT SELLER SHALL BE ENTITLED TO RETAIN THE \$200,000.00 EARNEST MONEY DEPOSIT OR, IF BUYER FAILS TO CLOSE AFTER NOVEMBER 30, 1988 THEN SELLER SHALL BE ENTITLED TO RETAIN THE \$300,000.00 EARNEST MONEY DEPOSIT. BOTH PARTIES AGREE THAT THE SUM STATED AS LIQUIDATED DAMAGES IS A REASONABLE ESTIMATE OF THE AMOUNT OF DAMAGES WHICH MAY BE SUFFERED BY SELLER AND THAT IT SHALL BE IN LIEU OF ANY OTHER RELIEF TO WHICH SELLER MIGHT OTHERWISE BE ENTITLED TO BY VIRTUE OF THIS AGREEMENT OR BY OPERATION OF LAW, AND SHALL BE ITS SOLE REMEDY FOR ANY DEFAULT BY BUYER PRIOR TO CLOSE OF ESCROW. BUYER AND SELLER HAVE PLACED THEIR INITIALS HERE (BUYER    SELLER   ) TO SHOW THEIR AGREEMENT TO THE FOREGOING LIQUIDATED DAMAGES PROVISION.

H. ATTORNEY'S FEES.

In the event that any party to this Agreement is required to employ counsel to enforce any of the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and court costs incurred.

I. COMPLETE AGREEMENT.

All understandings and agreements heretofore had between the parties are merged in this Agreement, which alone fully and completely expresses the agreement of the parties. This Agreement has been entered into after full investigation of the facts by both parties and neither party has relied on any statement or representation not embodied in this document.

J. GOVERNING LAW.

This Agreement shall be governed under the laws of the State of California.

K. COUNTERPARTS, HEADINGS AND DEFINED TERMS.

This Agreement may be executed in several counterparts each of which shall be an original, but all of such counterparts shall constitute one such Agreement. The headings used herein are for convenience only and are not to be construed to be part of this Agreement. The terms "Buyer" and "Seller" as used herein shall include the plural as well as the singular. If more than one person or entity is named a "Buyer" the obligations of such persons or entities are joint and several.

L. EFFECTIVENESS OF AGREEMENT

Submission of this Agreement for examination or signature by Buyer is not effective as an agreement to sell the Property, or otherwise until execution by and delivery to both Buyer and Seller of an original of this Agreement.

M. TIME OF THE ESSENCE.

Time is of the essence of this Agreement.

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N. WAIVER AND SURVIVAL.

The waiver by one party of the performance of any covenant, condition or promise shall not invalidate this Agree-

ment, nor shall it be considered to be a waiver by it of any other covenant, condition, or promise. The waiver by either or both parties of the time for performing any act shall not constitute a waiver of the time for performing any other act or an identical act required to be performed at a later time. Except as specifically provided in Paragraph 14F and 14G above, the exercise of any remedy provided in this Agreement shall not be a waiver of any other remedy provided by law. The representations, warranties, covenants and agreements of the parties contained herein shall survive the Close of Escrow and shall not be merged into the Closing Documents.

O. THIRD PARTIES.

Nothing contained in this Agreement, expressed or implied, is intended to confer upon any person, other than the parties hereto and their successors and assigns, any rights or remedies under or by reason of this Agreement.

P. SEVERABILITY.

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

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Q. ADDITIONAL DOCUMENTS.

Each party hereto agrees to perform any further acts and to execute and deliver any further documents which may be reasonably necessary to carry out the provisions of this Agreement.

R. ASSIGNMENT: BINDING EFFECT.

Except for Assignment by Buyer to a Partnership controlled by him or to a member of his immediate family this Agreement is not assignable by Buyer to any other party without the prior written consent of Seller which consent shall be exercised in Seller's sole and uncontrolled discretion. Subject to the foregoing, this Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of Seller and Buyer.

S. INDEMNITY.

The only real estate commissions in connection with the sale of the Property are described in Paragraph 9 and Seller and Buyer shall defend, indemnify and hold each other free and harmless from and against all claims and demands in respect to additional commissions or finder's fees which such indemnifying party may have incurred. The indemnity provided for herein shall include attorneys' fees and costs incurred to defend any claim.

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The provision of this Paragraph 14S shall survive the Close of Escrow and shall continue until the later of the final disposition of any action to enforce same or the date on which the statute of limitations with respect thereto has lapsed.

T. CORPORATE APPROVAL.

It is understood that this sale must be approved by Seller's Corporate officers and the Finance Committee of its Board of Directors. Seller will present this sale to its Corporate officers for such approval. Upon the approval and authorization by Seller's Corporate officers and the Finance Committee of its Board of Directors, Seller shall immediately notify Buyer. In the event that the sale shall not be approved as herein provided within thirty (30) days from end of the Financing Contingency Period, Seller shall terminate this Agreement by giving written notice of such fact to Buyer and this Agreement shall thereupon terminate without liability by either party to the other and Buyer's earnest money deposit, if any, shall be returned to Buyer by Seller or Escrow Holder, as the case may be.

U. TAX DEFERRED EXCHANGE.

So long as Buyer's not in Default of this Agreement, Seller will reasonably cooperate with Buyer in a tax deferred exchange. Under no circumstances will Seller be obligated to

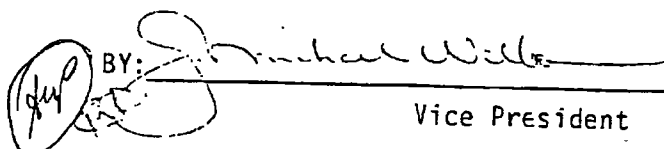
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take title to any other property as a condition of the sale contemplated hereby or of such tax deferred exchange.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the dates set opposite of each of their signatures.


THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

Executed at Los Angeles  
this 19 day of  
October 1988.

BY:  \_\_\_\_\_  
Vice President

SELLER

Executed at Buckhug  
this 1A day of  
October, 1988.

BY:  \_\_\_\_\_  
BY: \_\_\_\_\_

BUYER



Receipt of the foregoing instructions to Escrow Holder is acknowledged, said escrow account is accepted and Escrow Holder agrees to hold and dispose of the funds and documents deposited in said account in accordance with such instructions.

Date: October 21<sup>st</sup>, 1988.

Commerce Escrow Co

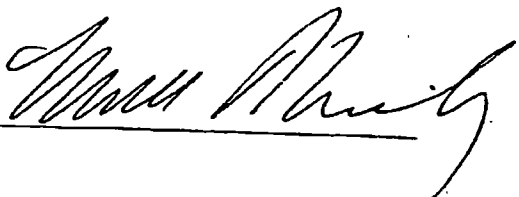
By: 

EXHIBIT "A"

## LEGAL DESCRIPTION OF PROPERTY

One West Alameda Avenue and 812 South Flower Street  
Burbank, California

The site is legally described as:

The Southeasterly 1/2 of Block 92 of the Subdivision of the Rancho Providencia and Scott Tract, in the city of Burbank, County of Los Angeles, State of California, as per map recorded in Book 43, Page 47 of Miscellaneous Records, in the office of the County Recorder of said County.

The said Southeasterly 1/2 being 1/2 the area of said Block computed to the side lines of the adjoining streets as shown on said map.

The Northwesterly boundary line thereof being parallel with the Southeasterly line of said Block 92.

EXHIBIT "B"BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS: For and in consideration of the sum of TEN DOLLARS (\$10.00), lawful money of the United States of America, receipt of which is hereby acknowledged, THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a corporation organized under the laws of the State of New Jersey, hereinafter designated as SELLER, does hereby grant, bargain, sell and convey to \_\_\_\_\_

hereinafter designated as BUYER, the following described personal property situated at and used in connection with the real property described in Exhibit "A" attached, to wit:

See Schedule "A" attached hereto and incorporated herein by this reference as though set forth in full at this place.

AND Seller does covenant and agree to warrant and defend the title to such personal property against the just and lawful claims of all persons whomsoever claiming by or through Seller.

IN WITNESS WHEREOF, said corporation has caused its corporate name and seal to be affixed hereto and this instrument to be executed by its Vice President and Assistant Secretary thereunto duly authorized, this \_\_\_\_\_ DAY OF \_\_\_\_\_, 1988.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

BY: \_\_\_\_\_  
Vice President

BY: \_\_\_\_\_  
Assistant Secretary

STATE OF CALIFORNIA        )  
                                  ) SS.  
COUNTY OF LOS ANGELES    )

On \_\_\_\_\_, before me, the undersigned, a  
Notary Public in and for said State, personally appeared \_\_\_\_\_  
\_\_\_\_\_ personally known to me or proved to me on the basis  
of satisfactory evidence to be the person who executed the within in-  
strument as the Assistant Secretary of the Corporation that executed  
the within instrument, and acknowledged to me that such Corporation  
executed the within instrument pursuant to its by-laws or a resolution  
of its board of directors.

WITNESS my hand and Official seal.

I.P. Number \_\_\_\_\_

Escrow Number \_\_\_\_\_

(SEAL) \_\_\_\_\_  
Notary Public in and for said State.

SCHEDULE "A" TO BILL OF SALE  
PERSONAL PROPERTY INCLUDED IN SALE OF  
THAT CERTAIN REAL PROPERTY LOCATED AT:

One West Alameda Avenue & 812 South Flower Street,  
Burbank, California

NONE

Exhibit "A"LEGAL DESCRIPTION OF REAL PROPERTY

One West Alameda Avenue and 812 South Flower Street,  
Burbank, California

The site is legally described as:

The Southeasterly 1/2 of Block 92 of the Subdivision of the Rancho Providencia and Scott Tract, in the city of Burbank, County of Los Angeles, State of California, as per map recorded in Book 43, Page 47 of Miscellaneous Records, in the office of the County Recorder of said County.

The said Southeasterly 1/2 being 1/2 the area of said Block computed to the side lines of the adjoining streets as shown on said map.

The Northwesterly boundary line thereof being parallel with the Southeasterly line of said Block 92.

EXHIBIT "C"

RECORDING REQUESTED BY:

AND WHEN RECORDED, MAIL TO:

ASSIGNMENT AND ASSUMPTION OF LEASE

This Assignment and Assumption of Lease is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 1988, by and between THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation ("Assignor") and ("Assignee") with reference to the following facts:

A. On October \_\_\_\_\_, 1988, Assignor and Assignee executed that certain Agreement of Purchase and Sale and Escrow Instructions ("Agreement") covering the sale by Assignor to Assignee of certain real property with improvements located thereon commonly known as One West Alameda and 812 South Flower Street, Burbank, Ca, the legal description of which is contained in Exhibit "A" attached hereto and incorporated herein by this reference as though set forth in full at this place.

B. There is a space lease which was entered into by Assignor, which lease Assignor wishes to assign to Assignee; Assignee desires to assume the Lessor's obligations under such lease. A description of the lease is attached hereto as Exhibit "B" and incorporated herein by this reference as though set forth in full at this place.

Wherefore, by reason of the foregoing facts, which constitute a part of this Assignment and Assumption of Lease, and in consideration of the mutual promises contained herein and in the Agreement of Purchase and Sale and Escrow Instructions referred to above and for other valuable consideration, Assignor and Assignee hereby agree as follows:

1) Assignor does hereby sell, assign and transfer all of its right, title and interest in and to the Lease, described on Exhibit "B" attached hereto, including its interest in the security deposits and prepaid rents under the lease, to Assignee as of the closing date of the above sale.

2) Assignee agrees to assume the Lessor's obligations under the lease listed on Exhibit "B" attached hereto and to be bound by all of the terms and conditions of the lease therein agreed to be made and performed by the Lessor under such lease as of the closing date of the above sale.

3) This Assignment may be executed in several counterparts each of which shall be deemed to be an original, but collectively will constitute only one such Assignment.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

BY: \_\_\_\_\_  
Vice President

BY: \_\_\_\_\_  
Assistant Secretary

"ASSIGNOR"

BY: \_\_\_\_\_

BY: \_\_\_\_\_

"ASSIGNEE"



STATE OF CALIFORNIA        )  
                                   ) SS.  
 COUNTY OF LOS ANGELES    )

On \_\_\_\_\_ before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me or proven to me on the basis of satisfactory evidence to be the person who executed the within instrument as the Vice President, and \_\_\_\_\_, personally known to me or proven to me on the basis of satisfactory evidence to be the person who executed the within instrument as the Assistant Secretary of the corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature: \_\_\_\_\_

STATE OF CALIFORNIA        )  
                                   ) SS.  
 COUNTY OF LOS ANGELES    )

On \_\_\_\_\_, before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me or proven to me on the basis of satisfactory evidence to be the person who executed the within instrument as \_\_\_\_\_ of the partners of the partnership that executed the within instrument, and acknowledged to me that such partnership executed the same.

WITNESS my hand and official seal.

Signature: \_\_\_\_\_

STATE OF CALIFORNIA        )  
                                  ) SS.  
COUNTY OF LOS ANGELES    )

On \_\_\_\_\_, before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me or proven to me on the basis of satisfactory evidence to be the person who executed thw within instrument as the Vice President, and \_\_\_\_\_, personally known to me or proven to me on the basis of satisfactory evidence to be the person who executed the within instrument as the Assistant Secretary of the corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature: \_\_\_\_\_

PRISA 415:

ESCROW NUMBER: \_\_\_\_\_

Exhibit "A" to  
Assignment and Assumption of Leases  
Executed by  
The Prudential Insurance Company of America  
And

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Legal Description of Property

The site is legally described as:

The Southeasterly 1/2 of Block 92 of the Subdivision of the Rancho Providencia and Scott Tract, in the city of Burbank, County of Los Angeles, State of California, as per map recorded in Book 43, Page 47 of Miscellaneous Records, in the office of the County Recorder of said County.

The said Southeasterly 1/2 being 1/2 the area of said Block computed to the side lines of the adjoining streets as shown on said map.

The Northwesterly boundary line thereof being parallel with the Southeasterly line of said Block 92.

Exhibit "B" to  
Assignment and Assumption of Leases  
Executed by  
The Prudential Insurance Company of America  
And

---

Lease Description

| <u>Tenant</u>                                               | <u>Term</u> |
|-------------------------------------------------------------|-------------|
| 1. Gleason Corporation<br>acquired by Whittaker Corporation | May 1, 1980 |

## EXHIBIT "D"

ESTOPPEL CERTIFICATE

Charles P. Cusumano,  
or his Successor in Interest  
101 South First Street, Suite 400  
Burbank, California 91582

Re: Lease dated: May 1, 1980

Between: The Prudential Insurance Company of America, Landlord  
Whittaker Industries, Ltd., Whittaker Metals Corporation,  
Tenant, as successor in interest to Gleason Corporation.

On Premises located and addressed as:  
One West Alameda and  
812 South Flower Street  
Burbank, California (the "Premises")

Gentlemen:

The undersigned, as Tenant under the subject Lease, knowing that you will rely upon the accuracy of the information set forth herein, hereby certifies as follows:

1. That it has accepted possession and is now in occupancy of the Premises of the subject Lease;
2. That the Lease is presently in full force and effect and there have been no amendments, modifications, alterations or other agreements respecting the Lease except as follows: Original tenant under Lease dated May 1, 1980 was Gleason Corporation; Lease assigned to Tenant January 5, 1982, along with Lease Guarantee by Whittaker Corporation of January 5, 1982; sublease of One West Alameda to Western Studio Service, Inc. on February 23, 1988, and sublease of 812 South Flower Street to Peterson Fire Protection, Inc. on July 1, 1988. The undersigned agrees that it will make no further amendment, modification, alteration or agreement respecting the Lease without your prior written consent.
3. That there are no offsets or credits against rentals, that there are no claims or defenses to enforcement of the Lease, that no rentals have been prepaid, that no periods of free rentals are applicable to the term of the Lease, except as follows: (If none, insert "None")

4. That the term of the Lease is for 15 years. The primary Lease term expires April 30, 1995;
5. (a) That the monthly rental is \$55,943.76 and rent has been paid to \_\_\_\_\_, 1988.  
(b) The undersigned is responsible for all operating expenses and taxes with respect to the Premises during the Lease Term.
6. That the undersigned has paid to Lessor a security deposit of \$ -0- ;
7. That none of the following events have occurred: (a) the filing by or against the undersigned of a petition in bankruptcy, insolvency, reorganization or an action for the appointment of a receiver or trustee; or (b) the making of an assignment for the benefit of creditors;
8. That the undersigned shall not look to you, your successors or assigns for the return or credit of the security deposit or prepaid rent, if any, unless said monies have been transferred to you; and
9. The person(s) executing this Letter is/are duly authroized and empowered in all respects to do so on behalf of the undersigned.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 1988.

WHITTAKER CORPORATION

By: \_\_\_\_\_

By: \_\_\_\_\_

Exhibit "B"LIST OF SERVICE CONTRACTS

NONE

Exhibit "C"LIST OF WARRANTIES AND GUARANTEES

NONE



## DOCUMENT 7

MR. CHAIRMAN:

OUR EIGHTH ITEM IS A PROPOSED PURCHASE FOR PRISA OF A SINGLE TENANT INDUSTRIAL FACILITY IN A LARGE ESTABLISHED MARKET IN THE LOS ANGELES AREA.

WE RECOMMEND THE PURCHASE FOR ALLOCATION TO PRISA.

DONALD M. DAVIS

MARCH 25, 1980

*WHY NOT  
LAND VALUE - BETTER UTILIZATION*

*Grand Central*

INTRA-COMPANY

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

|      |                                                                                     |         |                                                    |
|------|-------------------------------------------------------------------------------------|---------|----------------------------------------------------|
|      |                                                                                     | Date    | March 25, 1980                                     |
| To   | Mr. H.C. Connor, Reg. V.P., REO<br>Los Angeles                                      |         |                                                    |
|      | R.E.I.O.                                                                            | Subject | PRISA 00 415<br>\$5,000,000<br>Burbank, California |
| From | Stephanie Downey, Associate Manager<br>Real Estate Investment Department, Corporate |         |                                                    |

Above case authorized by the Finance Committee on March 25, 1980.

cc: Western Region

# REAL ESTATE INVESTMENTS

COMB 5838 ED 12-71  
Printed in U.S.A.

## MEMORANDA SUBMITTED TO FINANCE COMMITTEE FOR CONSIDERATION March 25, 1980

The proper officers of the Company are authorized to commit the Company in this case. Consummation of this authorization is subject to the approval of the Law Department.

SF

AUTHORIZED BY FINANCE COMMITTEE  
THE PRUDENTIAL INS. CO. OF AMERICA

MAR 25 1980

### PURCHASE OF REAL ESTATE FOR PRUDENTIAL'S PROPERTY INVESTMENT SEPARATE ACCOUNT

Burbank (Los Angeles County), California

**Investment:** \$5,000,000

**Proposal:** To purchase two existing industrial buildings for \$5,000,000, all cash.

**Property:** A reinforced concrete tilt-up industrial building, completed in 1953, containing 120,000 square feet, and a 17,300 square foot brick building, completed in 1948. The site contains about 4.71 acres and provides parking for 80 cars.

**Location:** Approximately seven miles north of the Los Angeles central business district in the established community of Burbank. An extensive freeway system provides good access to the Los Angeles metropolitan area.

**Rental and Occupancy:** The entire property would be leased to Gleason National Corporation (credit brief attached) for a term of 15 years at an annual net rental of \$500,000 (\$3.64 per square foot) with rental escalations in the sixth and eleventh years. The rental in the sixth through the tenth years would be the greater of the rental in the preceding five years or that rental adjusted by the consumer price index with an upper limit of \$805,260 (\$5.86 per square foot.). A similar rental adjustment would be made in the eleventh year with an upper limit of \$1,296,875 (\$9.45 per square foot.) The Gleason lease would provide for one, five-year renewal option at the then market rental.

**Projected Operations:**

| Year | Year-End Occupancy | Average Annual Net Rental Per Square Foot | Net Income Before Depreciation and Income Taxes | Annual Return On Equity |
|------|--------------------|-------------------------------------------|-------------------------------------------------|-------------------------|
| 1980 | 100%               | \$3.64                                    | \$500,000                                       | 10% (1)                 |

(1) Annualized

**Competition:** There are approximately 15,300,000 square feet of competitive industrial space in the Burbank-Glendale market area which is virtually 100% occupied. There is no additional land in the market area available for development. Average net rental rates range from \$2.80 to \$4.30 per square foot.

REAL ESTATE INVESTMENTS

COMB 8838 ED 12-71  
Printed in U.S.A.

MEMORANDA SUBMITTED TO FINANCE COMMITTEE FOR CONSIDERATION March 25, 1980

The proper officers of the Company are authorized to commit the Company in this case. Consummation of this authorization is subject to the approval of the Law Department.

SF

- 2 -

Seller: Gleason National Corporation (a Wisconsin corporation). No previous experience.

Appraisal:

|                   |             |                     |
|-------------------|-------------|---------------------|
| Land              | \$2,462,000 | (\$12.00 per S. F.) |
| Buildings         | 2,518,700   | (\$18.30 per S. F.) |
| Site Improvements | 19,300      |                     |
| TOTAL (3-10-80)   | \$5,000,000 |                     |

Estimated Return on Investment: 10.0% initial return on investment.  
12.00% yield on a 15-year ownership basis. (This calculation is based on the estimated cash flow during the period from our initial investment to the end of 15 years and assumes a 10% reinvestment rate for all cash flow and a sale at the end of this period at the then estimated market value of \$7,500,000.)

Recommendation: That the Real Estate Investment Department be authorized (for PRISA) to:

- (1) Purchase the land and improvements for an amount not to exceed \$5,000,000, all cash, as outlined in this memorandum; and
- (2) Expend such sums as may be necessary for legal, accounting and other expenses incidental to the closing of this transaction.

PRISA 00 415  
Los Angeles Real Estate Investment Office  
T.B. Malone

E8a

# CREDIT BRIEF

Application  
Number: PRISA 00 415

Company: Gleason Corporation (a Wisconsin corporation) is engaged in the manufacture of materials handling equipment, shopping carts and tubular basket carriers.

Balance Sheet: June 1979 (000's omitted)

| <u>Assets</u>                         |                 | <u>Liabilities &amp; Equity</u> |                 |
|---------------------------------------|-----------------|---------------------------------|-----------------|
| Cash                                  | \$ 3,738        | Notes Payable                   | \$ 400          |
| Receivables                           | 8,219           | Accounts Payable                | 2,557           |
| Inventories                           | 10,683          | Income Taxes                    | 33              |
| Prepaid Expenses                      | 249             | Accrued Liabilities             | 974             |
| Other                                 | 111             | Other                           | 92              |
| Total Current Assets                  | \$23,000        | Total Current Liabilities       | \$ 4,056        |
| Net Plant                             | 6,106           | Deferred Taxes                  | 131             |
| Other                                 | 380             | Long Term Debt                  | 20              |
|                                       |                 | Common Stock                    | 326             |
|                                       |                 | Contributed Surplus             | 373             |
|                                       |                 | Retained Earnings               | 24,580          |
| Total Assets                          | <u>\$29,486</u> | Total Liabilities and Worth     | <u>\$29,486</u> |
| Net Quick Assets                      |                 |                                 | 8,261           |
| Net Working Capital                   |                 |                                 | 18,944          |
| Tangible Gross Worth                  |                 |                                 | 25,299          |
| Long Term Debt % Tangible Gross Worth |                 |                                 | .079%           |

Income Accounts (000's omitted):

|         |           | Oper  |       |                    |           | Net Inc. Bef.  | Prop. Max Int. |          |       |        |       |
|---------|-----------|-------|-------|--------------------|-----------|----------------|----------------|----------|-------|--------|-------|
|         |           | Prof. |       |                    | Net Inc.  | Int. + Rents % | S/F & Rents    |          |       |        |       |
|         |           | Bef.  |       |                    | Bef. Int. | \$6,070        | 605            |          |       |        |       |
|         |           | Dep.  |       |                    | Rents     | Bef.           | After          | X Earned |       |        |       |
| Fiscal  |           | %     |       | Income             | After     | Inc.           | Inc.           | Bef.     | Aft.  | Net    |       |
| Periods | Net Sales | Sales | Depr. | Taxes              | Taxes     | Tax            | Tax            | Depr.    | Depr. | Inc.   | Div.  |
| 6-30-79 | \$49,117  | 15%   | \$567 | \$501 <sup>1</sup> | \$7,434   | 13             | 12             | 13.2     | 12.3  | \$6827 | \$261 |
| 6-30-78 | 42,181    | 17%   | 480   | 3463               | 3,535     | 115            | 60             | 6.6      | 5.8   | 3413   | 404   |
| 6-30-77 | 39,026    | 18%   | 384   | 3456               | 3,475     | 114            | 57             | 6.4      | 5.7   | 3316   | - 0   |
| 6-30-76 | 32,163    | 14%   | 350   | 2401               | 2,528     | 81             | 42             | 4.8      | 4.2   | 2448   | 112   |
| 6-30-75 | 24,218    | 16%   | 345   | 1741               | 1,786     | 58             | 29             | 3.5      | 3     | 1704   | - 0   |

1) Low income tax in 1979 resulted from the overpayment of estimated taxes during 1978 and 1979 by some of the company's divisions.

Source: Company Financial Statements



Application Rider

Real Estate Investment Office

Los Angeles

Case No.

PRISA 00 415

1. Conveyance of the property shall be made pursuant to a purchase contract with a purchase price of \$5,000,000 satisfactory in all respects to Prudential, which must be entered into on or before June 4, 1980.
2. Fee simple title to the property will be conveyed free and clear of all defects, liens and encumbrances except:
  - a. Such existing tenant space leases and amendments, supplements or modifications thereto, as shall have been approved in writing by Prudential prior to closing.
  - b. Easements which shall have been approved in writing by Prudential.
  - c. Ad valorem taxes, a lien not yet due and payable.
  - d. Other matters of record approved in writing by Prudential.
3. All matters including, but not limited to, taxes, rentals and operating expenses shall be pro rated as of date of closing. Seller must pay all special assessments in full prior to closing.
4. Seller shall enter into a net lease with Prudential for the entire property. The lease shall be satisfactory in all respects to Prudential and shall include, but not be limited to the following terms:
  - a. Term: 15-years, commencing at the close of escrow. One 5-year renewal option.

Date .....

Rider approved by ..... 5/7



Application Rider

Page 2 of 6

Real Estate Investment Office

Los Angeles

Case No.

PRISA 00 415

- b. Rental: \$500,000 per annum payable monthly in advance at \$41,667 per month ("base rent"). Commencing with the start of the sixth year of the lease, the monthly rental shall be the higher of (a) the base rent or (b) the base rent as adjusted for changes in the Consumer Price Index subject to a ceiling of \$67,105. Commencing with the start of the eleventh year of the lease, the monthly rental shall be the higher of (a) the monthly rental paid during the preceding five years or (b) the monthly rental paid during the preceding five years adjusted for changes in the Consumer Price Index subject to a ceiling of \$108,073.

The rent for the renewal period shall be at the current market rents, as determined by Prudential.

- c. Expenses: The tenant shall be responsible for paying all real estate taxes or levies in lieu of real estate taxes; all insurance, including fire and extended coverage at 100% of replacement cost, earthquake insurance at 90% of replacement cost and liability insurance in at least the amounts of \$1,000,000 bodily injury; \$2,500,000 per occurrence and \$250,000 property

Date .....

Rider approved by .....



**Prudential**

Application Rider

Page 4 of 6

Real Estate Investment Office

Los Angeles

Case No.

PRISA 00 415

c) Satisfying Prudential with respect to Condition #10.

Seller

100%

d) Document Preparation

Seller

100%

e) Title Insurance

Seller

100%

f) Surveys

Seller

100%

g) Other - Escrow

Seller

50%

Prudential

50%

Other - cost of recording the deed - Prudential  
100%.

7. The Improvements are to be in good repair and

Date .....

Rider approved by .....

**Prudential**

Application Rider

Page 5 of 6

Real Estate Investment Office

Los Angeles

Case No.

PRISA 00 415

free from structural defects. Prudential may verify the physical condition of the improvements by having an inspection conducted and having a report prepared by a licensed engineer chosen by Prudential. In the event such report contains

a finding of a defect or need for repair, Seller shall, at its sole cost, rectify such defect or make such repair prior to date of closing.

8. (a) If the improvements shall have suffered damage or destruction prior to the closing date, Prudential shall not be obligated to purchase unless prior to closing date the damaged or destroyed improvements have been restored or replaced in a manner satisfactory to Prudential or arrangements satisfactory to Prudential in its sole and uncontrolled opinion, have been made for such restoration or replacement.
- (b) If the property or the improvements are the subject of any eminent domain or condemnation proceedings (actual or threatened), temporary or permanent, partial or total, Prudential, at its option, shall not be obligated to purchase the property.
9. Seller must furnish, immediately prior to closing, satisfactory up-to-date financial information as Prudential may require about itself, including but not limited to current audited or certified financial statements. If such information shall indicate that its net worth at time of such statement is more than 20% below the net worth represented to Prudential in the negotiations leading to

Date .....

Rider approved by .....



Application Rider

Page 6 of 6

Real Estate Investment Office

Los Angeles

Case No.

PRISA 00 415

the entering into a purchase contract or if there is filed by or against if a petition in bankruptcy or a petition or answer seeking assignment for the benefit of creditors, the appointment of a receiver, trustee, liquidation or dissolution or similar relief under the Federal Bankruptcy Laws or any state law, then in any such event Prudential may cancel the purchase contract at its option and, if it elects to cancel, shall be entitled to the return of all sums deposited by it thereunder on account of the purchase price and both parties shall thereupon be relieved and discharged of all further liability under the purchase contract.

10. Seller shall furnish Prudential with satisfactory evidence at least ten business days prior to closing that the improved real estate meets all building, zoning and environmental laws ("Land Use Requirements"). Such evidence shall include but will not be limited to an affidavit from the Seller stating that the improved real estate complies with all Land Use Requirements.
11. Seller shall defend, indemnify and hold Prudential harmless from and against any claim for brokerage commission made in connection with this transaction and any leasing brokerage commission in connection with leases encumbering the property at the closing date.

Date .....

Rider approved by .....

Applicant Gleason National LOS ANGELES R.E.I.O.  
APPRaisal OF One Alameda Ave. and 812 Flower St., Burbank, CA. Case No. \_\_\_\_\_

**BASEMENT** (Rented as \_\_\_\_\_ space)  
sq. ft. @ \$ \_\_\_\_\_ sq. ft. per year = \$ \_\_\_\_\_  
Less \_\_\_\_\_ % vacancy and rent loss of \_\_\_\_\_ \$ \_\_\_\_\_  
Estimated basement income \_\_\_\_\_  
**GROUND FLOOR** (Rented as Industrial/Office space)  
sq. ft. @ \$ \_\_\_\_\_ sq. ft. per year = \$ 596,800  
137,300 sq. ft. @ \$ 4.35 sq. ft.)  
Less 0 % vacancy and rent loss of \_\_\_\_\_ \$ - 0 -  
Estimated ground floor income \_\_\_\_\_ \$ 596,800  
**UPPER FLOOR** (Rented as \_\_\_\_\_ space) (to floors incl.)  
sq. ft. @ \$ \_\_\_\_\_ sq. ft. per year = \$ \_\_\_\_\_  
Less \_\_\_\_\_ % vacancy and rent loss of \_\_\_\_\_ \$ \_\_\_\_\_  
Estimated upper floor income \_\_\_\_\_ \$ \_\_\_\_\_  
**ROOMS/BEDS** (Rented as \_\_\_\_\_ space) incl. employees apartments suitable for regular tenancy).  
@ \$ \_\_\_\_\_ per day \$ \_\_\_\_\_ per sq. ft. per yr. \$ \_\_\_\_\_  
@ \$ \_\_\_\_\_ per month, \$ \_\_\_\_\_  
Less \_\_\_\_\_ % vacancy and rent loss of \_\_\_\_\_ \$ \_\_\_\_\_  
Estimated room/bed income \_\_\_\_\_ \$ \_\_\_\_\_

**GARAGES OR PARKING AREA**

Spaces @ \$ \_\_\_\_\_ month sq. ft. @ \$ \_\_\_\_\_ sq. ft. \$ \_\_\_\_\_  
Less \_\_\_\_\_ % vacancy and rent losses of \_\_\_\_\_ \$ \_\_\_\_\_  
Estimated garages or parking area income \_\_\_\_\_ \$ \_\_\_\_\_  
**INCOME FROM OTHER SOURCES** (Itemize) \_\_\_\_\_ \$ \_\_\_\_\_

**TOTAL ESTIMATED ANNUAL COLLECTIBLE INCOME AFTER VACANCY RENT LOSS** \_\_\_\_\_ \$ 596,800

**ESTIMATED ANNUAL OPERATING CHARGES** (6 % of collectible income) \_\_\_\_\_ \$ 34,500

**ESTIMATED ANNUAL FIXED CHARGES** (10 % of collectible income) \_\_\_\_\_ \$ 62,300

**ESTIMATED ANNUAL OPER. AND FIXED CHARGES** (16 % of collectible income) \_\_\_\_\_ \$ 96,800

**ESTIMATED ANNUAL NET INCOME BEFORE DEPRECIATION** \_\_\_\_\_ \$ 500,000

**OVERALL CAPITALIZATION RATE SELECTED**

☒ Based on Comparable Property Sales.

☐ From Ellwood Tables Based on a \_\_\_\_\_ % Loan Ratio for a Term of \_\_\_\_\_ yrs.;  
15 yr. Projection Period with a \_\_\_\_\_ % Equity Yield, \_\_\_\_\_ % Mortgage  
Interest Rate, and \_\_\_\_\_ % (Appreciation) (Depreciation).

**CAPITALIZED @ 10 % =** \_\_\_\_\_ \$ 5,000,000  
**LESS: VALUE OF NON-REAL ESTATE ITEMS:** \_\_\_\_\_ \$ \_\_\_\_\_

**ECONOMIC VALUE OF REAL ESTATE** \_\_\_\_\_ \$ 5,000,000

**PRESENT PHYSICAL VALUE** (Sound Value)  
\_\_\_\_\_ @ \$ \_\_\_\_\_ /ft. or 205,170 sq. ft. @ \$ 12.00 sq. ft. **LAND** \$ 2,462,040  
\_\_\_\_\_ @ \$ \_\_\_\_\_ /ft. or \_\_\_\_\_ sq. ft. @ \$ \_\_\_\_\_ sq. ft. \$ \_\_\_\_\_  
\_\_\_\_\_ cu. ft. @ \$ \_\_\_\_\_ cu. ft. or 120,000 sq. ft. @ \$ 18.60 sq. ft. **BUILDING** \$ 2,232,000  
\_\_\_\_\_ cu. ft. @ \$ \_\_\_\_\_ cu. ft. or 17,300 sq. ft. @ \$ 16.57 sq. ft. **BUILDING** \$ 286,710  
\_\_\_\_\_ cu. ft. @ \$ \_\_\_\_\_ cu. ft. or 55,000 sq. ft. @ \$ .35 sq. ft. **P.F.I.** \$ 19,250  
**TOTAL** \$ 5,000,000

**APPRAISAL OF LEASEHOLD**

Estimated annual net income (before depreciation) \_\_\_\_\_ \$  
Less annual ground rent \_\_\_\_\_ \$  
Annual net return on leasehold \_\_\_\_\_ \$  
Less interest on building value and Non Real Estate Items (\$ \_\_\_\_\_ @ \_\_\_\_\_ %)  
Net gain on leasehold \_\_\_\_\_ \$  
Present value of net gain: (annuity plan: \_\_\_\_\_ years remaining life of leasehold discounted  
at \_\_\_\_\_ % = \$ \_\_\_\_\_)  
Plus present value of building \_\_\_\_\_ \$  
Value of leasehold estate equity \_\_\_\_\_ \$

**NO NET GAIN—Annual Net Return on LEASEHOLD, CAPITALIZED @ \_\_\_\_\_ % =** \_\_\_\_\_ \$  
**LESS: VALUE OF NON-REAL ESTATE ITEMS:** \_\_\_\_\_ \$

**VALUE OF LEASEHOLD ESTATE EQUITY** \_\_\_\_\_ \$

**PRESENT MARKET VALUE**

\_\_\_\_\_ ft. @ \$ \_\_\_\_\_ ft. **LAND** \$ \_\_\_\_\_  
\_\_\_\_\_ ft. @ \$ \_\_\_\_\_ ft. **BUILDING** \$ \_\_\_\_\_  
\_\_\_\_\_ ft. @ \$ \_\_\_\_\_ ft. **BUILDING** \$ \_\_\_\_\_  
\_\_\_\_\_ ft. @ \$ \_\_\_\_\_ ft. **P.F.I.** \$ \_\_\_\_\_  
**TOTAL** \$ 5,000,000

**REMARKS**

| Ratio Loan to:         | RECOMMENDATION        | Loan \$             | Term       | Rate     | % |
|------------------------|-----------------------|---------------------|------------|----------|---|
| Economic Value _____ % | Purchase              | \$ <u>5,000,000</u> | Lease Term | Yield    | % |
| Physical Value _____ % | Loan or               |                     | Per Month  | Per Year |   |
| Market Value _____ %   | Rental Payment: _____ |                     |            |          |   |

Signed Colby G. Gage

SOCIAL-ENVIRONMENTAL QUESTIONNAIRE

APPLICATION NUMBER \_\_\_\_\_

LOCATION AND TYPE OF PROPERTY 1 TILT-UP CONCRETE INDUSTRIAL BLDG / 1 BRICK

MASONRY OFFICE/WAREHOUSE BUILDING

One Alameda Avenue, 812 Flower Street Burbank, California

PROPOSED CONSTRUCTION

- |                                                                                                                                                                 | <u>YES</u>               | <u>NO</u>                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| 1. Is an Environmental Impact Statement required?                                                                                                               | <input type="checkbox"/> | <input type="checkbox"/> |
| If yes, does it have any negative aspects?                                                                                                                      | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Is there significant opposition that should be evaluated in connection with this proposed development?                                                       | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Does the design include prudent energy conservation practices?                                                                                               | <input type="checkbox"/> | <input type="checkbox"/> |
| If not, can the design be corrected?                                                                                                                            | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Will this property cause water, air, noise or scenic pollution or create substantial traffic congestion, sewer disposal problems or burden existing schools? | <input type="checkbox"/> | <input type="checkbox"/> |

EXISTING CONSTRUCTION

- |                                                                                         |                          |                                     |
|-----------------------------------------------------------------------------------------|--------------------------|-------------------------------------|
| 1. Does the property violate any existing governmental regulations?                     | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 2. Does the property cause pollution that cannot be economically corrected?             | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 3. Does operation of the property unnecessarily waste energy?                           | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| If yes, can a program be economically implemented?                                      | <input type="checkbox"/> | <input type="checkbox"/>            |
| 4. Are discriminatory practices used by tenant associations involved with the property? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

OWNER/APPLICANT

- |                                                                             |                          |                                     |
|-----------------------------------------------------------------------------|--------------------------|-------------------------------------|
| 1. Will this investment involve individuals or companies who:               |                          |                                     |
| Have controversial EEO records?                                             | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Manufacture a controversial product?                                        | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Have controversial environmental records?                                   | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 2. Is the Owner/Applicant in violation of any OSHA, EPA or EEO regulations? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

SOCIAL CONSIDERATIONS

- |                                                                                                                         |                          |                                     |
|-------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------------------------|
| 1. Does this investment have socially desirable aspects that should be considered in connection with its authorization? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
|-------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------------------------|

Explanations should be attached to this questionnaire.

March 13, 1980

Paul D. Rubacha  
Director, Real Estate Operations  
CORP

Corby G. Gage  
Asso. Investment Manager  
Los Angeles Real Estate Investment Office

In the recent case submission for the Technibilt buildings, One Alameda Avenue and 812 Flower Street in Burbank the following information was omitted:

|                       |                                                                                                                                                                     |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Customer Principals:  | A. L. Kotler, President<br>Harry Kotler, Vice-President<br>Gleason National Corporation<br>4605 Lankershim Boulevard Suite 710<br>North Hollywood, California 91602 |
| Prudential Principal: | Corby G. Gage<br>Associate Investment Manager                                                                                                                       |

Enclosed is a copy of Stan Kresky's engineering report on the improvements.

Corby G. Gage

CGG:er  
Enclosure

to the south. The Ventura Freeway is a major east-west artery running the length of the San Fernando Valley and east to the San Gabriel Valley.

Burbank is an established, stable community with distribution and manufacturing industry. The area is rail-served, as well as being served by 22 major truck lines. The Hollywood-Burbank Airport is 3 miles northwest of the site.

Due to its proximity to the Los Angeles Freeway

system, the site has an excellent location to draw from the greater Los Angeles labor market. Skilled, unskilled, technical and managerial personnel are available from East Los Angeles to the San Fernando Valley without requiring a lengthy commute.

PROPERTY SITE:

The site consists of 2 contiguous level parcels. The larger parcel (containing 175,550 sq. ft.) (4.03 acres), is generally rectangular, and has frontage on both Alameda Avenue and Flower Street. Plot coverage is 68%. The site is improved with 55,000 sq. ft. as asphalt paving. On-site parking is provided for 80 cars. Access to the site is through 2 driveways located between the two buildings on Flower Street. Although the number of existing parking spaces is below the current requirement of 1 per 500 sq. ft., it met the requirement at the time it was built.

The smaller rectangular-shaped parcel is 29,620 sq. ft. (.68 acres) and fronts on Flower Street. Plot coverage is 58%.

Electrial power and water are provided by the City of Burbank-Public Service Department. Southern California Gas Company supplies natural gas and phone service is provided by Pacific Telephone Company.

Property is zoned M-2, general manufacturing zone, permitting office, commercial and industrial uses. The site could easily be rail-served due to the existence of Southern Pacific rail tracks abutting the boundary of the property.

The area surrounding the property is zoned for industrial use as is the majority of land on either side of the Golden State Freeway in this area. The general use of the area is for light manufacturing and warehouse/distribution.

Building Improvements

The improvements consist of a 120,000 sq. ft. rectangular tilt-up concrete industrial building built in 1953 and a 17,300 sq. ft. brick office-warehouse building, built in 1948.


The tilt-up concrete building measuring 300 ft by 400 ft., includes 6,000 sq. ft. of office space and an additional 750 sq. ft. of mezzanine office space. The walls are steel-reinforced concrete tilt-up panels. Floors are 6" thick poured concrete. Ceiling clear height is 21 feet. The roof is of asphalt and rock with a 2-inch tongue and groove deck, supported by fabricated steel trusses. All columns are steel I-beams, and bay areas are 60 feet by 20 feet.

The building is fully-sprinklered including all storage areas, restrooms, and stairwells, with normal hazard capacity. There are three dock high truck doors and 3 12-foot grade level loading doors, with 9 inch concrete slabs in the loading areas. Fluorescent lighting is employed throughout the building. There is a 480-volt, three-phase system, with a 6,000 amp capacity.

There are restroom facilities for both men and women on both sides of the plant. There is also a first-aid facility. The 6,000 square feet of office space is fully air-conditioned with acoustical tile ceilings, and carpeted throughout. There are men's and women's restroom facilities in the office area. Attached to the larger building is a small maintenance shop and a lunch room with a capacity of 80 people.

The smaller brick building, containing 17,300 square feet is improved with approximately 50% office area. The office area is fully air-conditioned, entirely carpeted, with acoustical tile ceilings of 8 feet clear height. This area is equipped to house computer operations and there is a full-size walk-in fireproof vault for record storage. A lunch room and restroom facilities are in the office area. The remainder of the building is used for light assembly, with ceiling clear height of 18 feet.

In addition there is a metal shed storage area and a 30'x41' air conditioned engineering office area behind the brick building. There is enough existing electrical capacity for this building for the entire space to be improved as office area.

The building complies with all zoning ordinances in affect at the time it was built. The general condition of the building is good. Because it is an owner-occupied building, it has been well maintained. Since it was constructed in 1953, it was built according to good specs. Stan Kresky, Chief Construction Engineer, has inspected the building and maintains that it is in sound condition. 

HVAC:

HVAC is provided by roof-mounted equipment. Gas-fired boilers provide heating for the office and manufacturing areas. This heating system for the manufacturing area is supplemented by 3 ceiling-mounted unit heaters. Cooling for the office areas is by means of roof-mounted air-conditioning units. Evaporative coolers provide cooling for manufacturing areas. The areas are ventilated by cooling fans.

SEISMIC  
INFORMATION:

The closest fault to the site is the San Fernando Fault System. The 1971 San Fernando earthquake (6.5 Richter, VIII Mercalli), with its epicenter 10 miles from the site, caused no damage to the building.

MARKET ANALYSIS  
& COMPETITION:

Because of Burbank's central location and proximity to the San Fernando Valley, the San Gabriel Valley and the Los Angeles Central Business District, it is ideally suited as both a distributing and manufacturing center.

There are approximately 1350 acres in the city limits zoned for light and heavy industry. Included in this acreage are five industrial parks. The city currently has three redevelopment projects underway, one of which is the Golden State Redevelopment Project, zoned for industrial use. Since 1973, 1.2 million sq. ft. of industrial space has been built within this Redevelopment Project.

The industrial area surrounding the site is in



the Hollywood-Burbank Airport influence, which includes the cities of Burbank and Glendale. This is one of the older industrial markets in the Los Angeles area, containing approximately 15,300,000 sq. ft. of industrial buildings greater than 10,000 sq. ft. in size. There is no land available for development other than an occasional re-development project.

Burbank's chief competition is provided by the following areas in the West Region of the San Fernando Valley, 15 miles west of the subject. This industrial area is very large, containing 40,900,000 sq. ft. of space. Unlike the East Valley (Burbank included), this area appeals to warehousing, light manufacturing and R + D users. Continued competition has come from the San Fernando Valley as development continues. However the high of cost of land assures that competing rents will remain high. Burbank remains able to maintain its competitive advantage over West San Fernando Valley in terms of lower rents and a more centralized location.

There is very little activity in buildings of over 25,000 sq. ft., due mainly to the shortage of supply. Recent rentals in the area range from \$2.86 to \$4.32 p.s.f. per year net, depending on size and age of building. In the past two years, rents have been rising faster than the Consumer Price Index. Occupancy rates in the Burbank-Glendale area are approximately 99%. The area remains strong, with values increasing through rental and building cost increases, as well as shortage of available land.

OCCUPANCY  
& LEASING:

The entire property is currently being occupied by Technibilt, a subsidiary of Gleason National. Technibilt utilizes this facility for the assembly of grocery store shopping carts. A condition of sale is that Gleason leaseback the entire property for Technibilt's operations. The lease is to be for 15-year period, commencing at the close of escrow. There is also one 5-year renewal option. The rent will be \$500,000 (\$3.64 sq. ft.) per annum payable monthly in advance at \$41,667 per month/(base rent). Commencing with the start of the sixth year of the lease, the monthly rental shall be the higher of (a) the base rent or (b) the base rent as adjusted for changes in the Consumer Price Index subject to a ceiling of \$67,105 (10% cap/yr). Commencing with the start of the eleventh year of the lease, the monthly rental shall be the higher of a) the monthly rental paid during the preceding five years or b) the monthly rental paid during the preceding five years adjusted for changes in the Consumer Price Index subject to a ceiling of \$108,073 (10% cap/yr). The rent for the renewal period will be at the current market rents, as determined by Prudential.

The tenant is to be responsible for paying all real estate taxes; all insurance, in amounts specified by Prudential; all items of maintenance and repair, including structural and roof repairs and replacement; and all utility charges.

For the fiscal year ended in June 1979, Gleason National reported profits of \$6.8 million on sales of \$49 million and a net worth of \$25 million. The credit report on this company is favorable.

**MANAGEMENT  
& LEASING:**

No outside management firm will be required for the management or leasing of this property, due to the 15-year fully net lease by Gleason and its proximity to other property owned by Prudential.

**PROJECTED  
OPERATIONS:**

| Year | Average<br>Occupancy | Average<br>Annual<br>Net<br>Per Sq.<br>Foot | Net Income Bef.<br>Depreciation<br>Amortization<br>and<br>Income Taxes | Annual<br>Return<br>On Equity |
|------|----------------------|---------------------------------------------|------------------------------------------------------------------------|-------------------------------|
| 1980 | 100%                 | \$3.64                                      | \$500,000                                                              | 10%                           |

**MARKET VALUE  
APPRAISAL:**

|                        |              |                    |           |
|------------------------|--------------|--------------------|-----------|
| Land:                  | 205,170 s.f. | (\$12.00 per s.f.) | 2,462,040 |
| Building:              | 137,300 s.f. | (\$18.34 per s.f.) | 2,518,710 |
| P.F.I.                 | 55,000 s.f.  | (\$ .35 per s.f.)  | 19,250    |
| Total (March 10, 1980) |              |                    | 5,000,000 |

Comparable land prices in the area range from \$7.64 to 11.70 p.s.f. (see Comparable Land Sales Exhibit). Comparable rents range from \$2.86 to \$4.32 net p.s.f. per year (see Comparable Rentals Exhibit).

**PRUDENTIAL  
ACTIVITY IN  
THE AREA:**

Prudential owns the Grand Central Industrial Park (PRISA 00282 through 00346) in the City of Glendale, approximately one mile southeast of the site. The Park has a total of 1,920,000 square feet of industrial space at an investment cost of \$21,700,000 expended the end of 1976. The 1979 year-end updated appraisal valued the property at \$33,600,000. I.P. 173, with a total area of 525,376 Sq. Ft. is located on San Fernando Boulevard in Burbank. Property is improved with a tilt-up concrete building, a service station, and 2 1-story wood-metal clad factories. Investment cost is \$820,252. The most recent appraisal valued the property at \$2,281,000.

**ESTIMATED  
RETURN ON  
INVESTMENT:**

10.0% initial rate of return to be realized in the first full year of ownership.

12.07% modified before tax yield over a 15-year holding period, assuming a sale at the end of 15 years at the market value of \$7,500,000.

8.51% modified after-tax yield.

14.04% modified pre-tax equivalent.

**COMMENTS:**

The property is well-located in a strong industrial area and is leased for 15 years to a good credit tenant.

RECOMMENDATION: That the Real Estate Investment Department be authorized to:

1. Purchase the subject land and improvements for \$5,000,000 all cash.
2. Expend such sums as may be necessary for legal, title, tax, research and other expenses incidental to the closing of this transaction.

Corby G. Gage  
Corby G. Gage  
Associate Investment Manager, R.E.O.

Robert U. Shaffenberg  
Robert U. Shaffenberg  
General Manager, R.E.O.

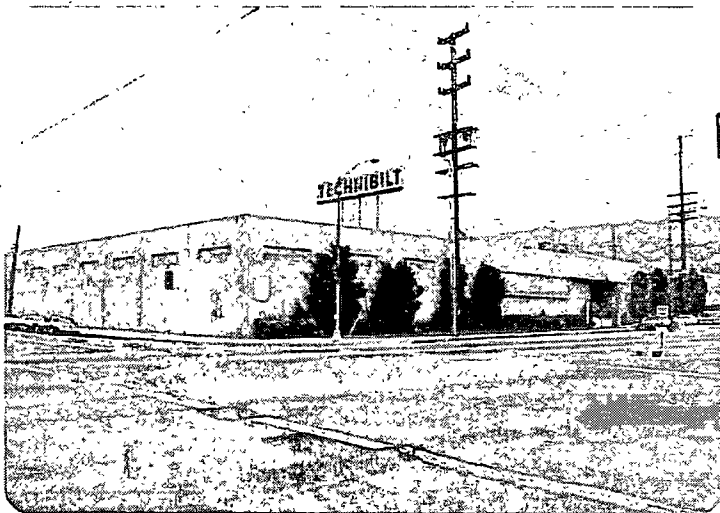
Concur:

H. C. Connor  
H. C. Connor  
Regional Vice President,  
R.E.O.

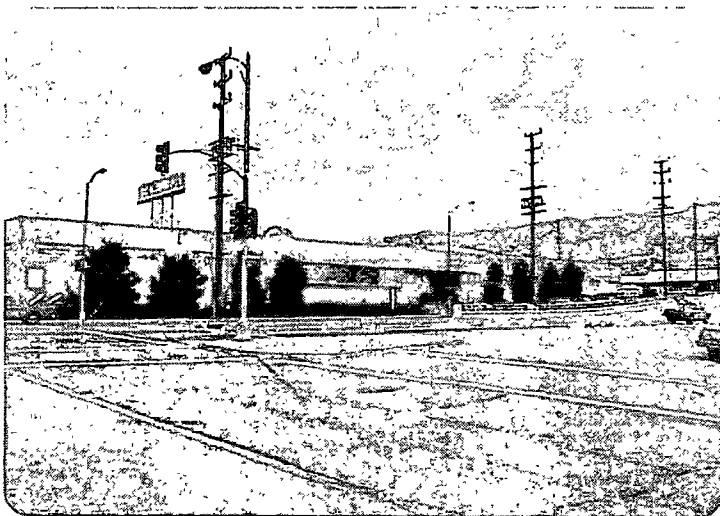
3/11/70  
Date

Los Angeles Real Estate Investment Office

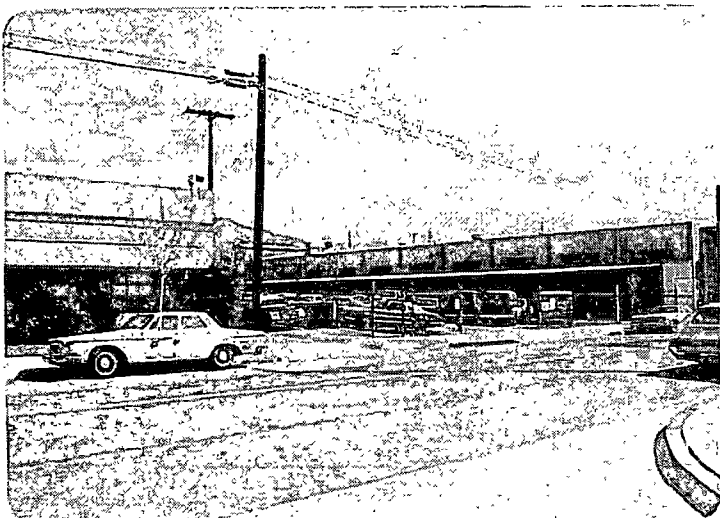
PHOTO EXHIBIT  
SUBJECT SITE AND STREET VIEWS SURROUNDING SITE



Looking North at South  
Corner of Building from  
intersection of Alameda  
and Flower.

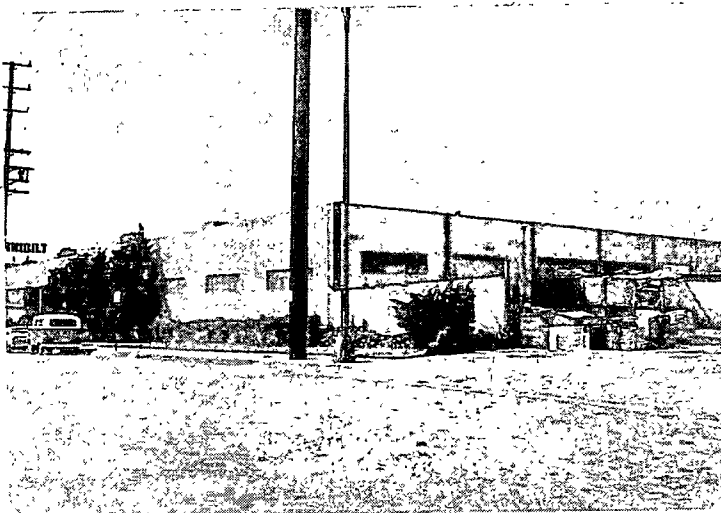


Looking North at Building  
from Flower Street.

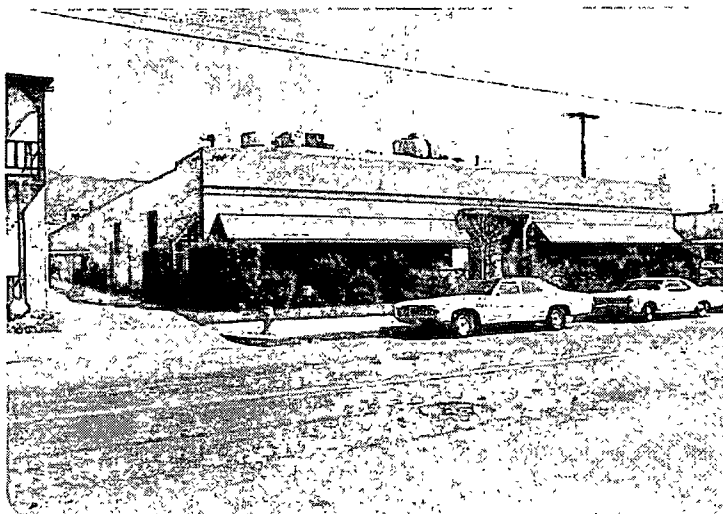


Looking East at Building  
from Flower Street.

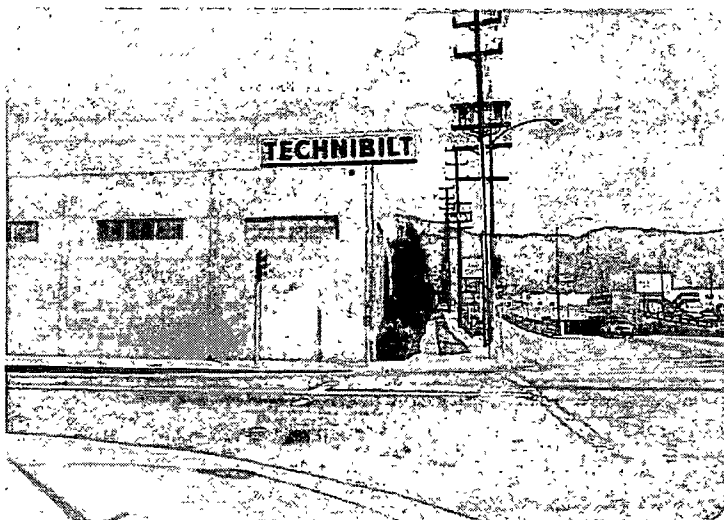
PHOTO EXHIBIT (Continued)



Looking West at Building  
from Alameda Avenue.



Looking Northeast at  
17,300 s.f. Building from  
Flower Street.



Looking Northeast up  
Alameda Avenue from inter-  
section of Flower St. and  
Alameda Avenue.

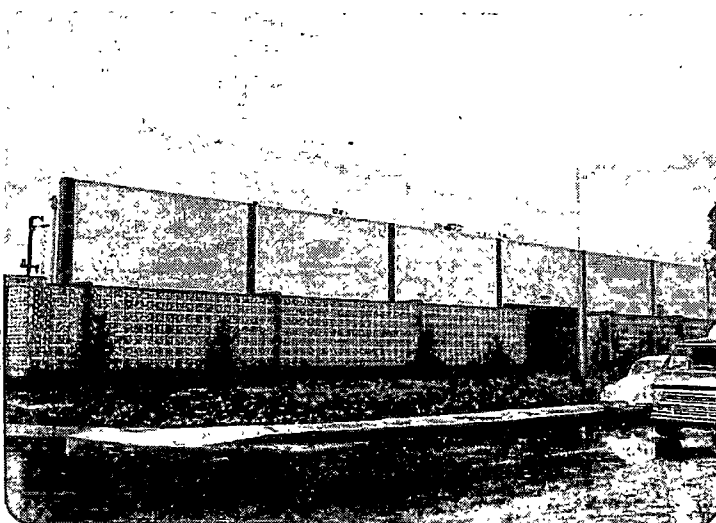


Looking Southwest down  
Alameda Avenue from  
Alameda.



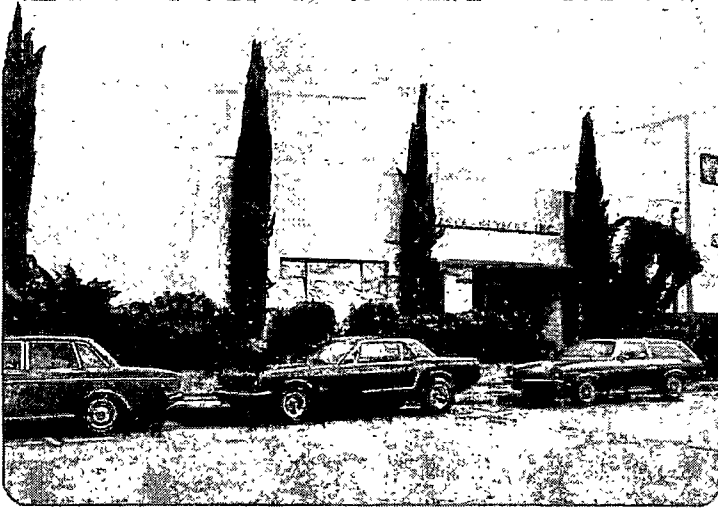
Looking North Down Flower  
Street from intersection of  
Alameda and Flower.

RENTAL COMPARABLES



WED ENTERPRISES  
1400-1420 Flower St.  
Glendale, California.

PHOTO EXHIBIT (Continued)



AGFA-GAVAERT  
1025 Grand Central Ave.  
Glendale, California.



AIRCRAFT TANK SERVICE  
8655 Tamarack  
Sun Valley, California.

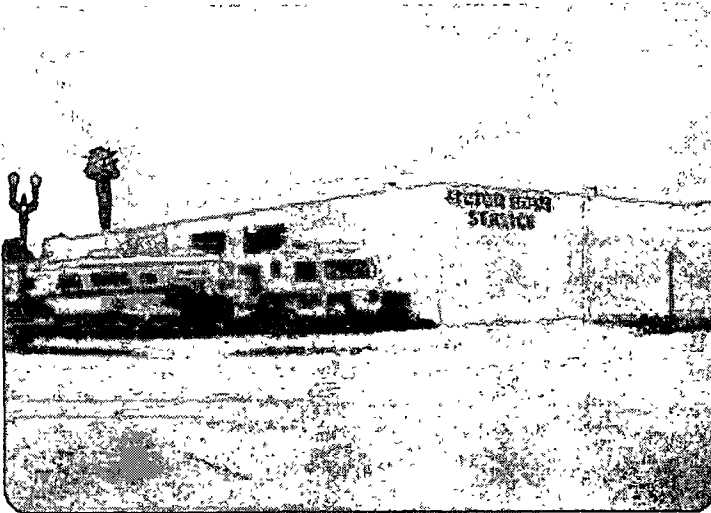


CATALINA PLASTICS  
1245 Flower  
Glendale, California.

PHOTO EXHIBIT (Continued)



905 Allen  
Burbank, California.



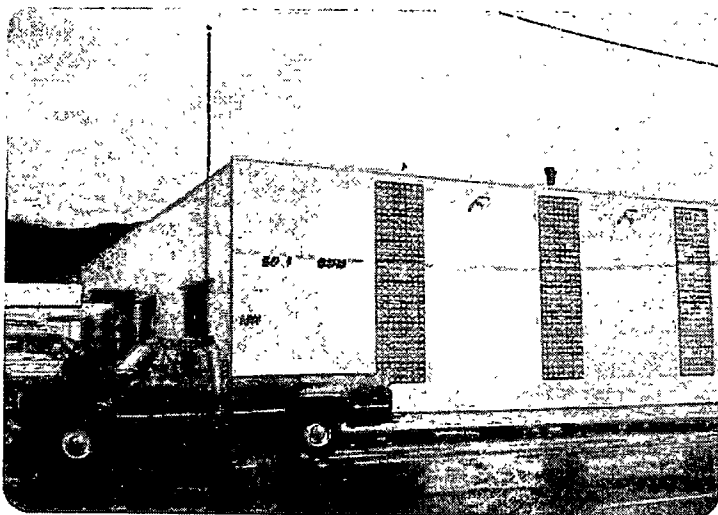
San Fernando/Pacific Blvds.  
Glendale, California.



162 West Verdugo  
Burbank, California.



PHOTO EXHIBIT (Continued)



FOAM SALES AND MARKETING  
1311 Airway  
Glendale, California.

*Dun & Bradstreet, Inc.*

ANALYTICAL 1979  
BE SURE NAME, BUSINESS AND  
ADDRESS MATCH YOUR FILE.

ANSWERING  
INQUIRY

This report has been prepared for:

SUBSCRIBER: 053-002016LR-(2)

25154002 REPORT MAY NOT BE REPRODUCED IN WHOLE OR IN PART IN ANY MANNER WHATSOEVER 00000297

UPDATE

PAYING CHANGE

DUNS: 00-835-4276  
TECHNIBILT CORPORATION  
(SUBSIDIARY OF GLEASON  
CORPORATION, MILWAUKEE, WI)

BOX 6519  
1 W ALAMEDA ST  
AND BRANCH(ES) OR DIVISION(S)  
BURBANK CA 91502  
TEL: 213 849-3171

MAR 30 1979

MFR MATERIALS  
HANDLING EQUIP,  
SHOPPING CARTS,  
SAFETY CONES, HOME  
& AUTO MATS &  
STEERING WHEELS &  
RUBBER & PLASTIC  
MOULDING

SUMMARY  
RATING --

FORMERLY  
3A1  
1966  
STARTED  
PAYMENTS SEE BELOW  
SALES \$19,000,000  
EMPLOYS 550(230 HERE)  
HISTORY CLEAR

SIC NOS.  
34 29 25 99

CHIEF EXECUTIVE: AARON L KOTLER, PRES

| REPORTED | PAYING RECORD  | HIGH CREDIT | to nearest figure NOW OWES | PAST DUE | SELLING TERMS | LAST SALE WITHIN - |
|----------|----------------|-------------|----------------------------|----------|---------------|--------------------|
| 7/79     | (1)            | 1000        | -0-                        | -0-      |               |                    |
| 6/79     | Disc           | 1000        | 1000                       | -0-      | Regular terms |                    |
|          | Ppt            | 2500        | 2500                       | -0-      | N30           | 1 Mo               |
|          | Ppt            | 2500        | 2500                       | -0-      | N30           | 1 Mo               |
|          | Ppt            | 1000        | 1000                       | -0-      |               |                    |
|          | Ppt            | 250         | -0-                        | -0-      | N30           | 6-12 Mos           |
| 5/79     | Slow 5         | 20000       | 10000                      | -0-      | N30           | 1 Mo               |
|          | Disc           | 5000        | -0-                        | -0-      |               |                    |
|          | Disc           | 750         | -0-                        | -0-      |               |                    |
|          | Ppt            | 2500        | -0-                        | -0-      | Regular terms | 4-5 Mos            |
|          | Ppt            | 250         | -0-                        | -0-      |               | 2-3 Mos            |
|          | Ppt            | 100         | 100                        | -0-      |               | 1 Mo               |
| 4/79     | Ppt-Slow 45    | 100         | -0-                        | -0-      | N30           | 4-5 Mos            |
|          | Disc           | 7500        | -0-                        | -0-      | 1 10 N30      | 4-5 Mos            |
|          | Ppt            | 1000        | -0-                        | -0-      |               | 6-12 Mos           |
|          | Ppt            | 250         | -0-                        | -0-      |               | 4-5 Mos            |
|          | Ppt            | 50          | 50                         | -0-      |               | 1 Mo               |
| 3/79     | Ppt-Slow 15    | 100         | -0-                        | -0-      |               | 6-12 Mos           |
|          | Disc           | 7500        | 5000                       | -0-      |               |                    |
|          | Disc           | 750         | 750                        | -0-      | 1 10 N30      | 1 Mo               |
|          | Ppt            | 1000        | 1000                       | 50       |               | 1 Mo               |
|          | Ppt            | 250         | -0-                        | -0-      | N30           |                    |
|          | Ppt            | 100         | -0-                        | -0-      |               | 2-3 Mos            |
|          | Ppt            | -0-         | -0-                        | -0-      |               |                    |
| 2/79     | Ppt-Slow 110   | 2500        | -0-                        | -0-      |               | 4-5 Mos            |
|          | Ppt            | 250         | -0-                        | -0-      | N7            | 2-3 Mos            |
|          | Ppt-Slow 60    | 2500        | 250                        | -0-      | N7            | 1 Mo               |
| 1/79     | Ppt            | 5000        | -0-                        | -0-      | N30           | 6-12 Mos           |
|          | Regular terms. |             |                            |          |               |                    |
|          | Ppt            |             | -0-                        | -0-      |               | 6-12 Mos           |
| 12/78    | Ppt            | 50          | -0-                        | -0-      |               |                    |
| 10/78    | Slow 15        | 100         | -0-                        | -0-      | 1 10 N30      |                    |
|          | (32)           | 200000      | -0-                        | -0-      | N30           |                    |
|          | (33)           | 200000      | -0-                        | -0-      | 1 10 N30      |                    |
| 8/78     | Ppt            | 750         | -0-                        | -0-      |               | 6-12 Mos           |
|          | Slow 15        | 100         | -0-                        | -0-      |               |                    |

On 09/28/78 Aaron Kotler, president, stated that instances of reported trade slowness are due to special arrangements and special terms on seasonal datings.

BANKING  
9/78

Balances average low 6 figures. Account opened 1973. Non-borrowing account. Relations satisfactory.

(CONTINUED)

THIS REPORT, FURNISHED PURSUANT TO CONTRACT FOR THE EXCLUSIVE USE OF THE SUBSCRIBER AS ONE FACTOR TO CONSIDER IN CONNECTION WITH CREDIT, INSURANCE, MARKETING OR OTHER BUSINESS DECISIONS, CONTAINS INFORMATION COMPILED FROM SOURCES WHICH DUN & BRADSTREET, INC. DOES NOT CONTROL AND WHOSE INFORMATION, UNLESS OTHERWISE INDICATED IN THE REPORT, HAS NOT BEEN VERIFIED. IN FURNISHING THIS REPORT, DUN & BRADSTREET, INC. IN NO WAY ASSUMES ANY PART OF THE USER'S BUSINESS RISK, DOES NOT GUARANTEE THE ACCURACY, COMPLETENESS, OR TIMELINESS OF THE INFORMATION PROVIDED, AND SHALL NOT BE LIABLE FOR ANY LOSS OR INJURY WHATSOEVER RESULTING FROM CONTINGENCIES BEYOND ITS CONTROL OR FROM NEGLIGENCE.

BR2-10 (780128)

*Dun & Bradstreet, Inc.*

TECHNIBILT CORPORATION  
BURBANK CA

MAR 30 1979

This report has been prepared for:

Page 2  
UPDATE

25154422 REPORT MAY NOT BE REPRODUCED IN WHOLE OR IN PART IN ANY MANNER WHATEVER 200879

HGLTS  
HIGHLIGHTS

|                     | Fiscal<br>Consolidated<br>Jul 31 1975 | Fiscal<br>Consolidated<br>Jul 31 1976 | Fiscal<br>Consolidated<br>Jun 30 1977 |
|---------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Working Capital     | 3,080,600                             | 3,976,300                             | 5,319,200                             |
| Tangible Worth      | 4,329,500                             | 5,587,000                             | 6,938,100                             |
| Current Assets      | 3,909,500                             | 5,816,700                             | 6,995,900                             |
| Current Liabilities | 828,900                               | 1,840,400                             | 1,676,700                             |
| Sales               | 10,500,000                            | 16,000,400                            | 19,000,000                            |

Established in 1946 by other interests, this company was acquired by the present parent organization in 1966.

The above figures reflect strong condition. At Jun 30 1977, current assets consisted primarily of inventory and receivables and current liabilities were centered in accrued payables. A good working capital position is maintained. Total debt is light in relation to worth, overall condition is strong.

The latest available consolidated statement on the parent, Gleason Corporation, dated Jun 30 1977 showed current assets \$16,020,000, current liabilities \$4,152,600, net worth \$15,604,900 and sales \$39,026,400.

On Jan 30 1976, Technibilt Corporation acquired the Interstate Division of Royal Industries Inc. for an undisclosed consideration. Facilities are located at 14777 E. Don Julian Road, City of Industry, California. Prior to acquisition, the Interstate Division accounted for approximately \$8,000,000 in annual revenue to Royal Industries.

CHANGES

In Jun 1978, Algoma Net Company, (Inc), Gleason International Corporation, and The Goshen Manufacturing Company, (Inc), affiliates, were merged into the Gleason Corporation.

CURRENT

On Mar 30 1979 Ralph Zucker, financial consultant, deferred financial statement. He stated that the Jul 31 1978 figures would be submitted.  
08-24(090 /908)0000/00 13101 006078398 053 H  
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ANSWERING  
INQUIRY

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SUBSCRIBER: 053-002016LR-(2)

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UPDATE

RATING CHANGE

DUNS: 00-835-4276  
TECHNIBILT CORPORATION  
(SUBSIDIARY OF GLEASON  
CORPORATION, MILWAUKEE, WI)

BOX 6519  
1 W ALAMEDA ST  
AND BRANCH(ES) OR DIVISION(S)  
BURBANK CA 91502  
TEL: 213 849-3171

MAR 30 1979

MFR MATERIALS  
HANDLING EQUIP,  
SHOPPING CARTS,  
SAFETY CONES, HOME  
& AUTO MATS &  
STEERING WHEELS &  
RUBBER & PLASTIC  
MOULDING

SUMMARY  
RATING --

FORMERLY  
3A1  
1966  
STARTED  
PAYMENTS SEE BELOW  
SALES \$19,000,000  
EMPLOYEES 550(230 HERE)  
HISTORY CLEAR

SIC NOS.  
34 29 25 99

CHIEF EXECUTIVE: AARON L KOTLER, PRES

| PAYMENTS<br>REPORTED | (Amounts may be rounded to nearest figure in prescribed ranges)<br>PAYING<br>RECORD | HIGH<br>CREDIT | NOW<br>OWES | PAST<br>DUE | SELLING<br>TERMS | LAST SALE<br>WITHIN |
|----------------------|-------------------------------------------------------------------------------------|----------------|-------------|-------------|------------------|---------------------|
| 7/79                 | (1)                                                                                 | 1000           | -0-         | -0-         |                  |                     |
| 6/79                 | Disc                                                                                | 1000           | 1000        | -0-         | Regular terms    |                     |
|                      | Ppt                                                                                 | 2500           | 2500        | -0-         | N30              | 1 Mo                |
|                      | Ppt                                                                                 | 2500           | 2500        | -0-         | N30              | 1 Mo                |
|                      | Ppt                                                                                 | 1000           | 1000        | -0-         |                  |                     |
|                      | Ppt                                                                                 | 250            | -0-         | -0-         | N30              | 6-12 Mos            |
| 5/79                 | Slow 5                                                                              | 20000          | 10000       | -0-         | N30              | 1 Mo                |
|                      | Disc                                                                                | 5000           | -0-         | -0-         |                  |                     |
|                      | Disc                                                                                | 750            | -0-         | -0-         |                  |                     |
|                      | Ppt                                                                                 | 2500           | -0-         | -0-         | Regular terms    | 4-5 Mos             |
|                      | Ppt                                                                                 | 250            | -0-         | -0-         |                  | 2-3 Mos             |
|                      | Ppt                                                                                 | 100            | 100         | -0-         |                  | 1 Mo                |
| 4/79                 | Ppt-Slow 45                                                                         | 100            | -0-         | -0-         | N30              | 4-5 Mos             |
|                      | Disc                                                                                | 7500           | -0-         | -0-         | 1 10 N30         | 4-5 Mos             |
|                      | Ppt                                                                                 | 1000           | -0-         | -0-         |                  | 6-12 Mos            |
|                      | Ppt                                                                                 | 250            | -0-         | -0-         |                  | 4-5 Mos             |
|                      | Ppt                                                                                 | 50             | 50          | -0-         |                  | 1 Mo                |
| 3/79                 | Ppt-Slow 15                                                                         | 100            | -0-         | -0-         |                  | 6-12 Mos            |
|                      | Disc                                                                                | 7500           | 5000        | -0-         |                  |                     |
|                      | Disc                                                                                | 750            | 750         | -0-         | 1 10 N30         | 1 Mo                |
|                      | Ppt                                                                                 | 1000           | 1000        | 50          |                  | 1 Mo                |
|                      | Ppt                                                                                 | 250            | -0-         | -0-         | N30              |                     |
|                      | Ppt                                                                                 | 100            | -0-         | -0-         |                  | 2-3 Mos             |
|                      | Ppt                                                                                 | -0-            | -0-         | -0-         |                  |                     |
| 2/79                 | Ppt-Slow 110                                                                        | 2500           | -0-         | -0-         |                  | 4-5 Mos             |
|                      | Ppt                                                                                 | 250            | -0-         | -0-         | N7               | 2-3 Mos             |
|                      | Ppt-Slow 60                                                                         | 2500           | 250         | -0-         | N7               | 1 Mo                |
| 1/79                 | Ppt                                                                                 | 5000           | -0-         | -0-         | N30              | 6-12 Mos            |
|                      | Regular terms.                                                                      |                |             |             |                  |                     |
|                      | Ppt                                                                                 |                | -0-         | -0-         |                  | 6-12 Mos            |
| 12/78                | Ppt                                                                                 | 50             | -0-         | -0-         |                  |                     |
| 10/78                | Slow 15                                                                             | 100            | -0-         | -0-         | 1 10 N30         |                     |
|                      | (32)                                                                                | 200000         | -0-         | -0-         | N30              |                     |
|                      | (33)                                                                                | 200000         | -0-         | -0-         | 1 10 N30         |                     |
| 8/78                 | Ppt                                                                                 | 750            | -0-         | -0-         |                  | 6-12 Mos            |
|                      | Slow 15                                                                             | 100            | -0-         | -0-         |                  |                     |

On 09/28/78 Aaron Kotler, president, stated that instances of reported trade slowness are due to special arrangements and special terms on seasonal datings.

BANKING  
9/78

Balances average low 6 figures. Account opened 1973. Non-borrowing account.  
Relations satisfactory.

(CONTINUED)

THIS REPORT, FURNISHED PURSUANT TO CONTRACT FOR THE EXCLUSIVE USE OF THE SUBSCRIBER AS ONE FACTOR TO CONSIDER IN CONNECTION WITH CREDIT, INSURANCE, MARKETING OR OTHER BUSINESS DECISIONS, CONTAINS INFORMATION COMPILED FROM SOURCES WHICH DUN & BRADSTREET, INC. DOES NOT CONTROL AND WHOSE INFORMATION, UNLESS OTHERWISE INDICATED IN THE REPORT, HAS NOT BEEN VERIFIED. IN FURNISHING THIS REPORT, DUN & BRADSTREET, INC. IN NO WAY ASSUMES ANY PART OF THE USER'S BUSINESS RISK, DOES NOT GUARANTEE THE ACCURACY, COMPLETENESS, OR TIMELINESS OF THE INFORMATION PROVIDED, AND SHALL NOT BE LIABLE FOR ANY LOSS OR INJURY WHATSOEVER RESULTING FROM CONTINGENCIES BEYOND ITS CONTROL OR FROM NEGLIGENCE.

BR2-10 (780128)

*Dun & Bradstreet, Inc.*

TECHNIBILT CORPORATION  
BURBANK CA

MAR 30 1979

This report has been prepared for:

Page 2  
UPDATE

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HGLTS  
HIGHLIGHTS

|                     | Fiscal<br>Consolidated<br>Jul 31 1975 | Fiscal<br>Consolidated<br>Jul 31 1976 | Fiscal<br>Consolidated<br>Jun 30 1977 |
|---------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Working Capital     | 3,080,600                             | 3,976,300                             | 5,319,200                             |
| Tangible Worth      | 4,329,500                             | 5,587,000                             | 6,938,100                             |
| Current Assets      | 3,909,500                             | 5,816,700                             | 6,995,900                             |
| Current Liabilities | 828,900                               | 1,840,400                             | 1,676,700                             |
| Sales               | 10,500,000                            | 16,000,400                            | 19,000,000                            |

Established in 1946 by other interests, this company was acquired by the present parent organization in 1966.

The above figures reflect strong condition. At Jun 30 1977, current assets consisted primarily of inventory and receivables and current liabilities were centered in accrued payables. A good working capital position is maintained. Total debt is light in relation to worth, overall condition is strong.

The latest available consolidated statement on the parent, Gleason Corporation, dated Jun 30 1977 showed current assets \$16,020,000, current liabilities \$4,152,600, net worth \$15,604,900 and sales \$39,026,400.

On Jan 30 1976, Technibilt Corporation acquired the Interstate Division of Royal Industries Inc. for an undisclosed consideration. Facilities are located at 14777 E. Don Julian Road, City of Industry, California. Prior to acquisition, the Interstate Division accounted for approximately \$8,000,000 in annual revenue to Royal Industries.

CHANGES

In Jun 1978, Algoma Net Company, (Inc), Gleason International Corporation, and The Goshen Manufacturing Company, (Inc), affiliates, were merged into the Gleason Corporation.

CURRENT

On Mar 30 1979 Ralph Zucker, financial consultant, deferred financial statement. He stated that the Jul 31 1978 figures would be submitted.  
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Bank of America, 469 N Beverly Dr, Beverly Hills, Ca

*Dun & Bradstreet, Inc.*

ANALYTICAL 1978  
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ANSWERING  
INQUIRY

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FAST REPORT

TECHNIBILT CORPORATION  
BURBANK CA

APR 28 1978

DUNS: 00-835-4276

# FINANCIAL STATEMENT

|                      | Fiscal/Consol<br>Jul 31 1975 | Fiscal/Consol<br>Jul 31 1976 | Fiscal/Consol<br>Jun 30 1977 |
|----------------------|------------------------------|------------------------------|------------------------------|
| Total Current Assets | \$ 3,909,500                 | \$ 5,816,700                 | \$ 6,995,900                 |
| Total                | 5,482,700                    | 7,737,900                    | 8,909,500                    |
| Total Current Liab   | 828,900                      | 1,840,400                    | 1,676,700                    |
| Long Term Liab       | 303,600                      | 287,700                      | 271,000                      |
| Deferred Income      | 20,700                       | 22,700                       | 23,600                       |
| STOCKHOLDERS EQUITY  | 4,329,500                    | 5,587,000                    | 6,938,100                    |
| Total                | 5,482,700                    | 7,737,900                    | 8,909,500                    |
| Net Working Capital  | 3,080,600                    | 3,967,300                    | 5,319,000                    |
| Current Ratio        | 4.72                         | 3.16                         | 4.17                         |
| Tangible Net Worth   | 4,329,500                    | 5,587,000                    | 6,938,100                    |

## INCOME STATEMENTS AND SURPLUS OR NET WORTH RECONCILIATIONS

|           | Fiscal/Consol<br>Jul 31 1975 | Fiscal/Consol<br>Jul 31 1976 | Fiscal/Consol<br>Jun 30 1977 |
|-----------|------------------------------|------------------------------|------------------------------|
| Net Sales | \$ 10,500,000                | \$ 16,000,400                | \$ 19,000,000                |

### SOURCE & BASIS OF FIGURES

Figures of Jun 30 1977 represent the consolidated financial condition of subject and its subsidiaries.  
Accountant(s): Guill, Blankenbaker & Lawson, CPA's, Pasadena, California.

Detailed financial statements are submitted for review only. On Apr 26 1978, A. L. Kotler, President, submitted the above audited (summarized) figures.

Inventories valued at lower of cost or market. Accounts receivable shown net less \$64,000 allowance for doubtful accounts. Fixed assets shown net less \$1,611,600 accumulated depreciation.

### SUPPLEMENTAL DATA

Fire Insurance: Coverage is reportedly carried on insurable items to moderate seven figure proportions.  
Long term debt consists of 6% trust deed payable, secured by substantially all land and buildings, payable at the rate of \$2,817 per month, including interest due in 1979.

Current assets consist primarily of inventories and receivables. Current liabilities are centered in accrued current payables.

The latest available consolidated statement on the parent, Gleason Corporation, dated Jun 30 1977, reflected current assets \$16,020,000, current liabilities \$4,152,600, net worth \$15,604,900 and sales \$39,026,400.

### HISTORY

+AARON KOTLER, PR & TR  
+HARRY KOTLER, VP & SC

+NANCE PIANO, VP & GEN MGR

DIRECTOR(S): The officers identified by (+) and Shirley Kotler.

Started: This business was originally established Jan 1 1946 by George E Hoedinghaus and Ralph A Sanders as partnership. They purchased the business from H A Conder Co., for approximately \$25,000. The business operated as a partnership under the name of H A Conder Co until present corporation succeeded in 1948. In Mar 1966, 47% of the outstanding capital stock formerly held by Hoedinghaus and Sanders was purchased by Gleason Corporation of Milwaukee, Wisconsin. Additional investment of

(CONTINUED)

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982-10 (780128)

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TECHNIBILT CORPORATION  
BURBANK CA

APR 28 1978

This report has been prepared for:

Page 2  
BASE REPORT

25154002. REPORT MAY NOT BE REPRODUCED IN WHOLE OR IN PART IN ANY MANNER WHATSOEVER (200022)

#### HISTORY (Cont'd)

this company's common stock increased the control to 63% in Oct 1968, and subsequently to 90%.

In conjunction with the previous manufacture of hospital furniture, fixtures and equipment, formerly utilized the registered trade style Troy Furniture Division. The Troy Furniture Division was sold in 1976.

Incorporated: California laws on Sep 19 1948.

Authorized Capital Stock: 750,000 shares common stock at 50 cents par value.

Outstanding Capital Stock: 375,000 shares issued including 15,800 held in treasury.

Control: 90% of the outstanding capital stock is held by Gleason Corporation, Milwaukee, Wisconsin.

This company was formerly located at 903-905 Airway, Glendale, California.

Service center and warehouse was formerly located at 1015 Terminal Way, San Carlos, California.

Branch Discontinued: In 1972, a branch facility located at 4623 Brazil Street, Los Angeles, California was discontinued.

On Jul 31 1975, Gleason South Corporation, an affiliate, merged with Gleason Corporation plant operations were moved to Goshen Manufacturing in Aug 1975.

On Jan 30 1976, Technibilt acquired the Interstate Division of Royal Industries, located in the City of Industry, consideration not disclosed.

AFFILIATES: The following are other subsidiaries of Gleason Corporation. Management reports Technibilt has no intercompany relations with these sister affiliates:

(1) GOSHEN MANUFACTURING COMPANY (INC), headquartered at Goshen, Indiana, incorporated in Indiana 1929. It manufactures hand trucks and metal products. As of Jun 30 1977, net worth \$1,454,300, annual sales in excess of \$2,000,000 and a strong condition.

(2) ALGOMA NET COMPANY (INC), headquartered in Milwaukee, Wisconsin, with a plant at 310 4th St., Algoma, Wisconsin. Incorporated Wisconsin in 1951. It manufactures hammocks and hammock stands. Net worth at Jun 30 1977 was \$2,177,900, annual sales in excess of \$3,000,000 and a strong financial condition.

(3) GLEASON INTERNATIONAL CORPORATION, headquartered at 1 West Alameda, Burbank, California, chartered in California in 1967. No financial details available. Imports Pneumatic Tires and wheels.

#### MANAGEMENT BACKGROUND

AARON I KOTLER, born 1921, married. Attended Marquette University and University of Wisconsin, Milwaukee. In 1946, Aaron Kotler organized Gleason Steel Corp. (now Gleason Corporation) and has continuously served as president and chief executive. Has also been president and chief executive of Technibilt Corporation since 1966.

PIANO, born 1916, married. 1933 to 1956 employed by the Solar Corporation in Milwaukee, Wisconsin, as production manager and purchasing agent. In Sep 1956, employed as purchasing agent by the Gleason Corporation, Milwaukee, Wisconsin. In 1960 appointed general manager of the Gleason Plant in Ft. Madison, Iowa. In Oct 1964 served in the capacity of general manager of the Goshen Manufacturing Company, a subsidiary of Gleason. In May 1966, became chief operating officer of Technibilt Corporation. In addition to being a director and officer of Technibilt, serves the parent company as a group vice president, having been manager of most of its divisions at some time during his career.

HARRY KOTLER, born 1953, son of A. L. Kotler, single. Graduate of Pomona college and UCLA. Active in the business since 1971, currently full-time, he is a corporate vice president and secretary, assistant to the president, and vice president of the International Trade Division.

SHIRLEY KOTLER, the wife of the president. Active in marketing and public relations.

#### OPERATION

Subsidiary of Gleason Corporation, 262 Prospect Avenue, Milwaukee, Wisconsin.

A Wisconsin corporation, chartered Feb 24 1946 as Gleason Steel Corporation. On Jan 4 1960, Barnes and Smith Corporation, Milwaukee, Wisconsin and Anthes Force Olier Company, Fort Madison, Iowa, were merged into the Gleason Steel Corporation (survivor). It has four direct and two indirect subsidiaries. The company has six operating units active in the manufacture of steel wheels of all types, casters, highway safety equipment, summer furniture, material handling equipment, chemical mixing and contract stamping.

Intercompany relations are reported to consist of merchandise transaction on regular terms and intercompany loans which are cleared up regularly. No reported endorsements or guarantees in effect.

(CONTINUED)

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TECHNIBILT CORPORATION  
BURBANK CA

APR 28 1978

This report has been prepared for

Page 3  
BASE REPORT

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OPERATN  
(Cont'd)

Functions: Manufactures materials handling equipment, shopping carts, tubular baskets carriers, stock and hand trucks, handling scales, and automotive products including safety cones, mats and steering wheels and rubber and plastic moulding.

Technibilt is one of the largest contract manufacturers of tubular baskets and wire products. They are active in a complete line of material handling equipment.

DISTRIBUTION: Jobbers and chain food market directly.

TERRITORY: United States.

ACCOUNTS: Over 3,000 active accounts.

TERMS: Net 30 days.

SEASONS: None

EMPLOYEES: 550 consolidated (230 here).

FACILITIES: Occupies 138,000 square feet in two buildings on four acres of land. There are 6,000 square feet of office space. WAREHOUSE: A service and warehouse facility is located at 733-D Chestnut Street, San Jose, California. At 14777 E Don Julian Road, City of Industry, (formerly the Interstate Division of Royal Industries), maintains industrial plant facilities totalling 30,000 square feet.

SUBSIDIARIES: Technibilt Corporation has two subsidiaries, both wholly owned. Management reports intercompany relations consist of some merchandise transactions on regular terms, as well as occasional advances. There are reported to be no intercompany guarantees or endorements. A brief description of the subsidiaries is as follows:

(1) KROMSEAL CORP., Burbank, California. A California corporation chartered Mar 28 1957. Engaged in contract chrome plating operations. A recent financial statement is not available.

(2) TECHNIBILT SERVICE CORP., 1 West Alameda, Burbank, California. A California corporation chartered Dec 26 1958. Engaged in repairing products manufactured by the parent. Recent financial statement is not available.

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TECHNIBILT CORPORATION  
BURBANK CA

APR 28 1978

DUNS: 00-835-4276

# FINANCIAL STATEMENT

|                      | Fiscal/Consol<br>Jul 31 1975 | Fiscal/Consol<br>Jul 31 1976 | Fiscal/Consol<br>Jun 30 1977 |
|----------------------|------------------------------|------------------------------|------------------------------|
| Total Current Assets | \$ 3,909,500                 | \$ 5,816,700                 | \$ 6,995,900                 |
| Total                | 5,482,700                    | 7,737,900                    | 8,909,500                    |
| Total Current Liab   | 828,900                      | 1,840,400                    | 1,676,700                    |
| Long Term Liab       | 303,600                      | 287,700                      | 271,000                      |
| Deferred Income      | 20,700                       | 22,700                       | 23,600                       |
| STOCKHOLDERS EQUITY  | 4,329,500                    | 5,587,000                    | 6,938,100                    |
| Total                | 5,482,700                    | 7,737,900                    | 8,909,500                    |
| Net Working Capital  | 3,080,600                    | 3,967,300                    | 5,319,000                    |
| Current Ratio        | 4.72                         | 3.16                         | 4.17                         |
| Tangible Net Worth   | 4,329,500                    | 5,587,000                    | 6,938,100                    |

# INCOME STATEMENTS AND SURPLUS OR NET WORTH RECONCILIATIONS

|           | Fiscal/Consol<br>Jul 31 1975 | Fiscal/Consol<br>Jul 31 1976 | Fiscal/Consol<br>Jun 30 1977 |
|-----------|------------------------------|------------------------------|------------------------------|
| Net Sales | \$ 10,500,000                | \$ 16,000,400                | \$ 19,000,000                |

# SOURCE & BASIS OF FIGURES

Figures of Jun 30 1977 represent the consolidated financial condition of subject and its subsidiaries.  
Accountant(s): Guill, Blankenbaker & Lawson, CPA's, Pasadena, California.

Detailed financial statements are submitted for review only. On Apr 26 1978, A. L. Kotler, President, submitted the above audited (summarized) figures.

Inventories valued at lower of cost or market. Accounts receivable shown net less \$64,000 allowance for doubtful accounts). Fixed assets shown net less \$1,611,600 accumulated depreciation.

# SUPPLEMENTAL DATA

Fire Insurance: Coverage is reportedly carried on insurable items to moderate seven figure proportions.  
Long term debt consists of 6% trust deed payable, secured by substantially all land and buildings, payable at the rate of \$2,817 per month, including interest due in 1979.

Current assets consist primarily of inventories and receivables. Current liabilities are centered in accrued current payables.

The latest available consolidated statement on the parent, Gleason Corporation, dated Jun 30 1977, reflected current assets \$16,020,000, current liabilities \$4,152,600, net worth \$15,604,900 and sales \$39,026,400.

# HISTORY

+AARON KOTLER, PR & TR  
+HARRY KOTLER, VP & SC

+NANCE PIANO, VP & GEN MGR

DIRECTOR(S): The officers identified by (+) and Shirley Kotler.

Started: This business was originally established Jan 1 1946 by George E Hoedinghaus and Ralph A Sanders as partnership. They purchased the business from H A Conder Co., for approximately \$25,000. The business operated as a partnership under the name of H A Conder Co until present corporation succeeded in 1948. In Mar 1966, 47% of the outstanding capital stock formerly held by Hoedinghaus and Sanders was purchased by Gleason Corporation of Milwaukee, Wisconsin. Additional investment of

(CONTINUED)

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9R2-10 (780128)

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TECHNIBILT CORPORATION  
BURBANK CA

APR 28 1978

This report has been prepared for:

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BASE REPORT

25154001. REPORT MAY NOT BE REPRODUCED IN WHOLE OR IN PART IN ANY MANNER WHATSOEVER

#### HISTORY

(Cont'd) this company's common stock increased the control to 63% in Oct 1968, and subsequently to 90%.

In conjunction with the previous manufacture of hospital furniture, fixtures and equipment, formerly utilized the registered trade style Troy Furniture Division. The Troy Furniture Division was sold in 1976.

Incorporated: California laws on Sep 19 1948.

Authorized Capital Stock: 750,000 shares common stock at 50 cents par value.

Outstanding Capital Stock: 375,000 shares issued including 15,800 held in treasury.

Control: 90% of the outstanding capital stock is held by Gleason Corporation, Milwaukee, Wisconsin.

This company was formerly located at 903-905 Airway, Glendale, California. Service center and warehouse was formerly located at 1015 Terminal Way, San Carlos, California.

Branch Discontinued: In 1972, a branch facility located at 4623 Brazil Street, Los Angeles, California was discontinued.

On Jul 31 1975, Gleason South Corporation, an affiliate, merged with Gleason Corporation plant operations were moved to Goshen Manufacturing in Aug 1975.

On Jan 30 1976, Technibilt acquired the Interstate Division of Royal Industries, located in the City of Industry, consideration not disclosed.

AFFILIATES: The following are other subsidiaries of Gleason Corporation. Management reports Technibilt has no intercompany relations with these sister affiliates:

(1) GOSHEN MANUFACTURING COMPANY (INC), headquartered at Goshen, Indiana, incorporated in Indiana 1929. It manufactures hand trucks and metal products. As of Jun 30 1977, net worth \$1,454,300, annual sales in excess of \$2,000,000 and a strong condition.

(2) ALGOMA NET COMPANY (INC), headquartered in Milwaukee, Wisconsin, with a plant at 310 4th St., Algoma, Wisconsin. Incorporated Wisconsin in 1951. It manufactures hammocks and hammock stands. Net worth at Jun 30 1977 was \$2,177,900, annual sales in excess of \$3,000,000 and a strong financial condition.

(3) GLEASON INTERNATIONAL CORPORATION, headquartered at 1 West Alameda, Burbank, California, chartered in California in 1967. No financial details available. Imports Pneumatic Tires and wheels.

#### MANAGEMENT BACKGROUND

AARON L KOTLER, born 1921, married. Attended Marquette University and University of Wisconsin, Milwaukee. In 1946, Aaron Kotler organized Gleason Steel Corp. (now Gleason Corporation) and has continuously served as president and chief executive. Has also been president and chief executive of Technibilt Corporation since 1966.

PIANO, born 1916, married. 1933 to 1956 employed by the Solar Corporation in Milwaukee, Wisconsin, as production manager and purchasing agent. In Sep 1956, employed as purchasing agent by the Gleason Corporation, Milwaukee, Wisconsin. In 1960 appointed general manager of the Gleason Plant in Ft. Madison, Iowa. In Oct 1964 served in the capacity of general manager of the Goshen Manufacturing Company, a subsidiary of Gleason. In May 1966, became chief operating officer of Technibilt Corporation. In addition to being a director and officer of Technibilt, serves the parent company as a group vice president, having been manager of most of its divisions at some time during his career.

HARRY KOTLER, born 1953, son of A. L. Kotler, single. Graduate of Pomona college and UCLA. Active in the business since 1971, currently full-time, he is a corporate vice president and secretary, assistant to the president, and vice president of the International Trade Division.

SHIRLEY KOTLER, the wife of the president. Active in marketing and public relations.

#### OPERATION

Subsidiary of Gleason Corporation, 262 Prospect Avenue, Milwaukee, Wisconsin. A Wisconsin corporation, chartered Feb 24 1946 as Gleason Steel Corporation. On Jan 4 1960, Barnes and Smith Corporation, Milwaukee, Wisconsin and Anthes Force Olier Company, Fort Madison, Iowa, were merged into the Gleason Steel Corporation (survivor). It has four direct and two indirect subsidiaries. The company has six operating units active in the manufacture of steel wheels of all types, casters, highway safety equipment, summer furniture, material handling equipment, chemical mixing and contract stamping.

Intercompany relations are reported to consist of merchandise transaction on regular terms and intercompany loans which are cleared up regularly. No reported endorsements or guarantees in effect.

(CONTINUED)

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TECHNIBILT CORPORATION  
BURBANK CA

APR 28 1978

This report has been prepared for:

Page 3  
BASE REPORT

25154001 REPORT MAY NOT BE REPRODUCED IN WHOLE OR IN PART IN ANY MANNER WHATEVER 000000

OPERATN  
(Cont'd)

Functions: Manufactures materials handling equipment, shopping carts, tubular baskets carriers, stock and hand trucks, handling scales, and automotive products including safety cones, mats and steering wheels and rubber and plastic moulding.

Technibilt is one of the largest contract manufacturers of tubular baskets and wire products. They are active in a complete line of material handling equipment.

DISTRIBUTION: Jobbers and chain food market directly.

TERRITORY: United States.

ACCOUNTS: Over 3,000 active accounts.

TERMS: Net 30 days.

SEASONS: None

EMPLOYEES: 550 consolidated (230 here).

FACILITIES: Occupies 138,000 square feet in two buildings on four acres of land. There are 6,000 square feet of office space. WAREHOUSE: A service and warehouse facility is located at 733-D Chestnut Street, San Jose, California. At 14777 E Don Julian Road, City of Industry, (formerly the Interstate Division of Royal Industries), maintains industrial plant facilities totalling 30,000 square feet.

SUBSIDIARIES: Technibilt Corporation has two subsidiaries, both wholly owned. Management reports intercompany relations consist of some merchandise transactions on regular terms, as well as occasional advances. There are reported to be no intercompany guarantees or endorements. A brief description of the subsidiaries is as follows:

(1) KROMSEAL CORP., Burbank, California. A California corporation chartered Mar 28 1957. Engaged in contract chrome plating operations. A recent financial statement is not available.

(2) TECHNIBILT SERVICE CORP., 1 West Alameda, Burbank, California. A California corporation chartered Dec 26 1958. Engaged in repairing products manufactured by the parent. Recent financial statement is not available.

08-24(091 /908)0000/00 12101 006078398 19 053  
Bank of America, 469 N Beverly Dr, Beverly Hills, Ca

Assumptions for Invprop Run

|                                        |                                                                                                                                                                                                                                                                  |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Market Value:                          | 50% increase in market value over the 15-year projection period.                                                                                                                                                                                                 |
| Operating Revenues:                    | Beginning revenue is the current lease rate (\$500,000/yr). The projected rents for the renewal periods are based on the current Lease Rate inflated at 7% a year. There are opportunities for CPI adjustments at the beginning of the sixth and eleventh years. |
| Occupancy:                             | 100%                                                                                                                                                                                                                                                             |
| Operating Expenses,<br>Fixed Expenses: | Paid by tenant as stipulated in fully net lease.                                                                                                                                                                                                                 |

DEFIN47 15:48 03/10/80 MONDAY 102

+00010 RUN \*INVPROP

EXPLANATION? +00020 =NO

INITIALS? +00100 =CGG

OLD, NEW, OR RESTART? +00110 =OLD

INPUT FILE NAME? +00200 =TECHNIBLT

INPUT? +00210 =OUTPUT

WHERE TO? +00220 =PRINT

FILE :

TYPE OF LISTING? +00230 =SHORT

\*TECHNIBLT

FILE NAME OR ALIAS? +00240 =ALL

PROPERTY NAME TECHNIBLT

FIRST MONTH JAN 1980

LENGTH OF ANALYSIS 15

CAP RATE/RESALE VALUE 5000000 0.0294

OWNER NAMES PRU

EQUITY FUNDING 1 PRU

DISB 1 5000000

TOTAL EQUITY 5,000,000

PROJECT COST 1 ACQUISITION

DISB 1 5000000

TOTAL PROJECT COST 5,000,000

OPERATING REVENUE 1 GLEASON

500000 4 0.0700

RENT UP LEASE

LEASE 1 4 60

LEASE 2 64 60

LEASE 3 124 57

DEPRECIATION 1 BLUE 2948000

DEPR ITEMS SL 20 4 0 YES

PARTNER'S TAX 1 PRU 5000000 0

TAX ITEM 1 ORD INC 4 6 .3510

TAX BASIS 1 PLUS INT

TAX ITEM 2 ASSET TAX 1 12 .0030 13 0.0000

TAX BASIS 1 PLUS EV

TAX ITEM 3 ASSET TAX 4 15 .0060 174 0.0000

2/1  
3-11-80

TAX BASIS 1 PLUS C6  
TAX BASIS 2 MINUS RDP

WHERE TO? +00250 =DEF  
THERE ARE NO UNFUNDED DEFICITS.

WHERE TO? +00260 =YIELD

BEFORE TAX REINVESTMENT RATE? +00270 =.1000

WHICH YIELD? +00300 =PRU

MARGINAL TAX RATE, EQUIVALENT ADJUSTMENT, AFTER TAX REINVESTMENT RATE? +00400 =.3510, .0060, .06490

YIELD FOR PRU

BEFORE TAX YIELD IS 13.755%

AFTER TAX YIELD IS 9.694%

PRE TAX EQUIVALENT IS 15.862%

YIELD COMPONENT(YES OR NO)? +00410 =NO

MODIFIED YIELD  
-----

YIELD FOR PRU

BEFORE TAX YIELD IS 12.069%

AFTER TAX YIELD IS 8.509%

PRE TAX EQUIVALENT IS 14.035%

YIELD COMPONENT(YES OR NO)? +00415 =NO

WHICH YIELD? +00420 =

BEFORE TAX REINVESTMENT RATE? +00425 =

WHOSE CASH FLOW? +00500 = VENTURE

NUMBER OF YEARS OF MONTHLY PRINTING? +00510 = 0

TURN TO A NEW PAGE AND STRIKE THE RETURN KEY  
+00500 =

CASH FLOW TABLE FOR VENTURE

DATE OF PRINTING: 3/10/80

PAGE: 1

| MONTH | YEAR | SPLITTABLE<br>CASH<br>FLOW | DISTRIBUTED<br>LOAN<br>PROCEEDS | DISTRIBUTED<br>ASSET<br>SALES |
|-------|------|----------------------------|---------------------------------|-------------------------------|
| 0     | 0    | 0                          | 0                               | 0                             |
| TOTAL | 1    | 374,999                    | 0                               | 0                             |
| TOTAL | 2    | 499,999                    | 0                               | 0                             |
| TOTAL | 3    | 499,999                    | 0                               | 0                             |
| TOTAL | 4    | 499,999                    | 0                               | 0                             |
| TOTAL | 5    | 499,999                    | 0                               | 0                             |
| TOTAL | 6    | 530,955                    | 0                               | 0                             |
| TOTAL | 7    | 701,274                    | 0                               | 0                             |
| TOTAL | 8    | 701,274                    | 0                               | 0                             |
| TOTAL | 9    | 701,274                    | 0                               | 0                             |
| TOTAL | 10   | 701,274                    | 0                               | 0                             |
| TOTAL | 11   | 912,996                    | 0                               | 0                             |
| TOTAL | 12   | 983,571                    | 0                               | 0                             |
| TOTAL | 13   | 983,571                    | 0                               | 0                             |
| TOTAL | 14   | 983,571                    | 0                               | 0                             |
| TOTAL | 15   | 983,571                    | 0                               | 7,499,917                     |

CASH FLOW TABLE FOR VENTURE

DATE OF PRINTING: 3/10/80

PAGE: 2

VALUES AND RESIDUALS AT END OF PROJECTION PERIODS:

MARKET VALUE OF FREEHOLD 7,499,917

TOTALS 7,499,917

0

VALUE OF RESIDUAL

7,499,917

WHOSE CASH FLOW? +00530 =

WHERE TO? +00531 =SELECT

CHOICES? +00532 =MV,AS1,VF1

NUMBER OF YEARS OF MONTHLY PRINTING? +00533 =0

TURN TO A NEW PAGE AND STRIKE THE RETURN KEY.

+00534 =



| MONTH | YEAR | OUTPUT 1<br>MV | OUTPUT 2<br>ASI | OUTPUT 3<br>DPT |
|-------|------|----------------|-----------------|-----------------|
| 0     | 0    | 0              | 0               | 0               |
| TOTAL | 1    | 4,999,993      | 0               | 110,549         |
| TOTAL | 2    | 5,148,920      | 0               | 147,399         |
| TOTAL | 3    | 5,290,157      | 0               | 147,399         |
| TOTAL | 4    | 5,453,844      | 0               | 147,399         |
| TOTAL | 5    | 5,614,104      | 0               | 147,399         |
| TOTAL | 6    | 5,779,069      | 0               | 147,399         |
| TOTAL | 7    | 5,948,889      | 0               | 147,399         |
| TOTAL | 8    | 6,123,686      | 0               | 147,399         |
| TOTAL | 9    | 6,303,636      | 0               | 147,399         |
| TOTAL | 10   | 6,488,857      | 0               | 147,399         |
| TOTAL | 11   | 6,679,536      | 0               | 147,399         |
| TOTAL | 12   | 6,875,808      | 0               | 147,399         |
| TOTAL | 13   | 7,077,852      | 0               | 147,399         |
| TOTAL | 14   | 7,285,825      | 0               | 147,399         |
| TOTAL | 15   | 7,499,917      | 7,499,917       | 147,399         |

CHOICES? +00535 =

WHERE TOT +00540 =CASH BUDGET

OWNER'S NAME? +00550 =PRU

TYPE OF PRINTING? +00600 =ANNUAL ,1980, 15  
TURN TO A NEW PAGE AND STRIKE THE RETURN KEY  
+00610 =

VENTURE CASH FLOW ANALYSIS

3/15/80

PAGE 1

|                               | TOTAL, 1980 | TOTAL, 1981 | TOTAL, 1982 | TOTAL, 1983 | TOTAL, 1984 | TOTAL, 1985 |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| OPERATING REVENUES            | 374,999     | 499,999     | 499,999     | 499,999     | 499,999     | 650,955     |
| CASH FLOW BEFORE DEBT SERVICE | 374,999     | 499,999     | 499,999     | 499,999     | 499,999     | 650,955     |
| DEBT SERVICE                  |             |             |             |             |             |             |
| INTEREST                      | 0           | 0           | 0           | 0           | 0           | 0           |
| PRINCIPAL                     | 0           | 0           | 0           | 0           | 0           | 0           |
| TOTAL DEBT SERVICE            | 0           | 0           | 0           | 0           | 0           | 0           |
| CASH FLOW AFTER DEBT SERVICE  | 374,999     | 499,999     | 499,999     | 499,999     | 499,999     | 650,955     |
| CAPITAL EXPENDITURES          | 5,000,000   | 0           | 0           | 0           | 0           | 0           |
| RESERVE ADJUSTMENT            | -4,999,999  | 0           | 0           | 0           | 0           | 0           |
| CF BEFORE EXTRAORDINARY ITEMS | 374,999     | 499,999     | 499,999     | 499,999     | 499,999     | 650,955     |
| LOAN PROCEEDS                 | 0           | 0           | 0           | 0           | 0           | 0           |
| ASSET SALES(NET)              | 0           | 0           | 0           | 0           | 0           | 0           |

|                             |         |         |         |         |         |         |
|-----------------------------|---------|---------|---------|---------|---------|---------|
| VENTURE CASH FLOW           | 374,999 | 499,999 | 499,999 | 499,999 | 499,999 | 650,955 |
| VENTURE CASH FLOW AFTER DST | 374,999 | 499,999 | 499,999 | 499,999 | 499,999 | 650,955 |
| PLUS VENTURE PRT            | 0       | 0       | 0       | 0       | 0       | 0       |
| MINUS VENTURE DEPRECIATION  | 119,549 | 147,399 | 147,399 | 147,399 | 147,399 | 147,399 |
| VENTURE, TNI                | 265,449 | 352,599 | 352,599 | 352,599 | 352,599 | 503,555 |
| MORTGAGE BALANCE (VENTURE)  | 0       | 0       | 0       | 0       | 0       | 0       |

# VENTURE CASH FLOW ANALYSIS

1/10/80

PAGE 2

TOTAL, 1980 TOTAL, 1981 TOTAL, 1982 TOTAL, 1983 TOTAL, 1984 TOTAL, 1985

## OWNER'S SHARE FOR: PRU

|                               |         |         |         |         |         |         |
|-------------------------------|---------|---------|---------|---------|---------|---------|
| CF BEFORE EXTRAORDINARY ITEMS | 374,999 | 499,999 | 499,999 | 499,999 | 499,999 | 650,955 |
| LOAN PROCEEDS                 | 0       | 0       | 0       | 0       | 0       | 0       |
| ASSET SALES (NET)             | 0       | 0       | 0       | 0       | 0       | 0       |

|                           |            |         |         |         |         |         |
|---------------------------|------------|---------|---------|---------|---------|---------|
| NET CF DISTRIBUTED TO:PRU | -4,625,000 | 499,999 | 499,999 | 499,999 | 499,999 | 650,953 |
|---------------------------|------------|---------|---------|---------|---------|---------|

PRU TAX INFORMATION

|                            |         |         |         |         |         |         |
|----------------------------|---------|---------|---------|---------|---------|---------|
| SUM OF VEN. TNI + VEN. DPT | 374,999 | 499,999 | 499,999 | 499,999 | 499,999 | 650,953 |
| SPLIT OF UTNI + UDPT       | 374,999 | 499,999 | 499,999 | 499,999 | 499,999 | 650,953 |
| MINUS OWNER SHARE OF DPT   | 110,549 | 147,399 | 147,399 | 147,399 | 147,399 | 147,399 |

|           |         |         |         |         |         |         |
|-----------|---------|---------|---------|---------|---------|---------|
| OWNER TNI | 264,449 | 352,599 | 352,599 | 352,599 | 352,599 | 503,553 |
|-----------|---------|---------|---------|---------|---------|---------|

OWNERSHIP TAXES

|              |        |         |         |         |         |         |
|--------------|--------|---------|---------|---------|---------|---------|
| ORG INC      | 92,821 | 123,762 | 123,762 | 123,762 | 123,762 | 176,748 |
| ASSET TAX    | 14,999 | 0       | 0       | 0       | 0       | 0       |
| ASSET TAX    | 0      | 30,881  | 31,788  | 32,723  | 33,684  | 34,674  |
| CAPITAL GAIN | 0      | 0       | 0       | 0       | 0       | 0       |

|                       |         |         |         |         |         |         |
|-----------------------|---------|---------|---------|---------|---------|---------|
| TOTAL OWNERSHIP TAXES | 107,821 | 154,644 | 155,551 | 156,485 | 157,447 | 211,422 |
|-----------------------|---------|---------|---------|---------|---------|---------|

|                         |            |         |         |         |         |         |
|-------------------------|------------|---------|---------|---------|---------|---------|
| PRU AFTER TAX CASH FLOW | -4,732,821 | 345,355 | 344,418 | 343,513 | 342,552 | 439,532 |
|-------------------------|------------|---------|---------|---------|---------|---------|

VENTURE CASH FLOW ANALYSIS

3/10/80

PAGE 3

|                               | TOTAL, 1986 | TOTAL, 1987 | TOTAL, 1988 | TOTAL, 1989 | TOTAL, 1990 | TOTAL, 1991 |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| OPERATING REVENUES            | 701,274     | 701,274     | 701,274     | 701,274     | 912,996     | 983,571     |
| CASH FLOW BEFORE DEBT SERVICE | 701,274     | 701,274     | 701,274     | 701,274     | 912,996     | 983,571     |
| DEBT SERVICE                  |             |             |             |             |             |             |
| INTEREST                      | 0           | 0           | 0           | 0           | 0           | 0           |
| PRINCIPAL                     | 0           | 0           | 0           | 0           | 0           | 0           |
| TOTAL DEBT SERVICE            | 0           | 0           | 0           | 0           | 0           | 0           |
| CASH FLOW AFTER DEBT SERVICE  | 701,274     | 701,274     | 701,274     | 701,274     | 912,996     | 983,571     |
| CAPITAL EXPENDITURES          | 0           | 0           | 0           | 0           | 0           | 0           |
| RESERVE ADJUSTMENT            | 0           | 0           | 0           | 0           | 0           | 0           |
| CF BEFORE EXTRAORDINARY ITEMS | 701,274     | 701,274     | 701,274     | 701,274     | 912,996     | 983,571     |
| LOAN PROCEEDS                 | 0           | 0           | 0           | 0           | 0           | 0           |
| ASSET SALES(NET)              | 0           | 0           | 0           | 0           | 0           | 0           |
| TOTAL EXTRAORDINARY ITEMS     | 0           | 0           | 0           | 0           | 0           | 0           |
| VENTURE CASH FLOW             | 701,274     | 701,274     | 701,274     | 701,274     | 912,996     | 983,571     |
| VENTURE CASH FLOW AFTER DST   | 701,274     | 701,274     | 701,274     | 701,274     | 912,996     | 983,571     |
| PLUS VENTURE PRT              | 0           | 0           | 0           | 0           | 0           | 0           |
| MINUS VENTURE DEPRECIATION    | 147,399     | 147,399     | 147,399     | 147,399     | 147,399     | 147,399     |
| VENTURE TNI                   | 553,874     | 553,874     | 553,874     | 553,874     | 765,597     | 836,171     |
| MORTGAGE BALANCE (VENTURE)    | 0           | 0           | 0           | 0           | 0           | 0           |

VENTURE CASH FLOW ANALYSIS

3/10/80

PAGE 4

TOTAL, 1986 TOTAL, 1987 TOTAL, 1988 TOTAL, 1989 TOTAL, 1990 TOTAL, 1991

OWNER'S SHARE FOR: PRU

|                               |         |         |         |         |         |         |
|-------------------------------|---------|---------|---------|---------|---------|---------|
| CF BEFORE EXTRAORDINARY ITEMS | 701,274 | 701,274 | 701,274 | 701,274 | 912,996 | 983,571 |
| LOAN PROCEEDS                 | 0       | 0       | 0       | 0       | 0       | 0       |
| ASSET SALES(NET)              | 0       | 0       | 0       | 0       | 0       | 0       |
| EQUITY                        | 0       | 0       | 0       | 0       | 0       | 0       |
| NET CF DISTRIBUTED TO:PRU     | 701,274 | 701,274 | 701,274 | 701,274 | 912,996 | 983,571 |

PRU TAX INFORMATION

|                            |         |         |         |         |         |         |
|----------------------------|---------|---------|---------|---------|---------|---------|
| SUM OF VEN. TNI + VEN. DPT | 701,274 | 701,274 | 701,274 | 701,274 | 912,996 | 983,570 |
| SPLIT OF TNI + VDPT        | 701,274 | 701,274 | 701,274 | 701,274 | 912,996 | 983,570 |
| MINUS OWNER SHARE OF DPT   | 147,399 | 147,399 | 147,399 | 147,399 | 147,399 | 147,399 |
| OWNER TNI                  | 553,874 | 553,874 | 553,874 | 553,874 | 765,596 | 836,170 |

OWNERSHIP TAXES

|                       |         |         |         |         |         |         |
|-----------------------|---------|---------|---------|---------|---------|---------|
| ORD INC               | 194,410 | 194,410 | 194,410 | 194,410 | 268,734 | 293,495 |
| ASSET TAX             | 0       | 0       | 0       | 0       | 0       | 0       |
| ASSET TAX             | 35,693  | 36,742  | 37,821  | 38,933  | 40,077  | 41,254  |
| CAPITAL GAIN          | 0       | 0       | 0       | 0       | 0       | 0       |
| TOTAL OWNERSHIP TAXES | 230,103 | 231,152 | 232,231 | 233,343 | 308,801 | 334,750 |

VENTURE CASH FLOW ANALYSIS

3/10/30

PAGE 5

|                               | TOTAL, 1992 | TOTAL, 1993 | TOTAL, 1994 |
|-------------------------------|-------------|-------------|-------------|
| OPERATING REVENUES            | 983,571     | 983,571     | 983,571     |
| CASH FLOW BEFORE DEBT SERVICE | 983,571     | 983,571     | 983,571     |
| DEBT SERVICE                  |             |             |             |
| INTEREST                      | 0           | 0           | 0           |
| PRINCIPAL                     | 0           | 0           | 0           |
| TOTAL DEBT SERVICE            | 0           | 0           | 0           |
| CASH FLOW AFTER DEBT SERVICE  | 983,571     | 983,571     | 983,571     |

|                               |         |         |           |
|-------------------------------|---------|---------|-----------|
| RESERVE ADJUSTMENT            | 0       | 0       | 0         |
| CF BEFORE EXTRAORDINARY ITEMS | 983,571 | 983,571 | 983,571   |
| LOAN PROCEEDS                 | 0       | 0       | 0         |
| ASSET SALES(NET)              | 0       | 0       | 7,499,917 |
| TOTAL EXTRAORDINARY ITEMS     | 0       | 0       | 7,499,917 |
| VENTURE CASH FLOW             | 983,571 | 983,571 | 8,483,488 |
| VENTURE CASH FLOW AFTER DST   | 983,571 | 983,571 | 983,571   |
| PLUS VENTURE PRT              | 0       | 0       | 0         |
| MINUS VENTURE DEPRECIATION    | 147,399 | 147,399 | 147,399   |
| VENTURE INT                   | 836,171 | 836,171 | 836,171   |
| MORTGAGE BALANCE (VENTURE)    | 0       | 0       | 0         |



## OWNER'S SHARE FOR: PRU

|                               |         |         |           |
|-------------------------------|---------|---------|-----------|
| OF BEFORE EXTRAORDINARY ITEMS | 983,571 | 983,571 | 983,571   |
| LOAN PROCEEDS                 | 0       | 0       | 0         |
| ASSET SALES(NET)              | 0       | 0       | 7,499,717 |
| EQUITY                        | 0       | 0       | 0         |
| NET OF DISTRIBUTED TO:PRU     | 983,571 | 983,571 | 8,483,488 |

## PRU TAX INFORMATION

|                            |         |         |         |
|----------------------------|---------|---------|---------|
| SUM OF VEN. TNI + VEN. DPT | 983,570 | 983,570 | 983,570 |
| SPLIT OF VTNI + UDPT       | 983,570 | 983,570 | 983,570 |
| MINUS OWNER SHARE OF DPT   | 147,399 | 147,399 | 147,399 |
| OWNER TNI                  | 836,170 | 836,170 | 836,170 |

## OWNERSHIP TAXES

|                         |         |         |           |
|-------------------------|---------|---------|-----------|
| ORD INC                 | 293,495 | 293,495 | 293,495   |
| ASSET TAX               | 0       | 0       | 0         |
| ASSET TAX               | 42,467  | 45,715  | 18,749    |
| CAPITAL GAIN            | 0       | 0       | 1,308,729 |
| TOTAL OWNERSHIP TAXES   | 335,962 | 339,210 | 1,620,974 |
| PRU AFTER TAX CASH FLOW | 647,608 | 646,360 | 6,862,514 |

# SALES ANALYSIS

| TAX ANALYSIS              | TOTAL     | PRU       |
|---------------------------|-----------|-----------|
| ORIGINAL TAX BASIS        | 5,000,000 | 5,000,000 |
| PLUS CAPITAL EXPENDITURES | 0         | 0         |
| LESS DEPRECIATION         | 2,174,117 | 2,174,117 |
| ADJUSTED TAX BASIS        | 2,825,883 | 2,825,883 |
| SALES PRICE (NET)         | 7,499,917 | 7,499,917 |
| LESS ADJUSTED TAX BASIS   | 2,825,883 | 2,825,883 |
| GAIN                      | 4,674,034 | 4,674,034 |
| RIP                       | 0         | 0         |
| CASH ANALYSIS             | TOTAL     | PRU       |
| SALES PRICE               | 7,499,917 |           |
| VALUE OF RESIDUAL         | 7,499,917 | 7,499,917 |

OWNER'S NAME? +00615 =

WHERE TO? +00620 =END

DO YOU WISH TO HAVE THE INPUT SAVED? +00630 =YES

FILE NAME? +00640 =TEKRI0LT

DATA WAS SAVED WITH A FILE NAME OF TEKRI0LT

+99999 HALT

16:08 PROCESSING 64 UNITS

OFF

OFF AT 16:08

PROCESSING... 85 UNITS

MIN... 30 PRIME 0 OFF-HR

COMPARABLE RENTALS EXHIBIT (See Area Map)

| <u>COMP. #</u> | <u>LOCATION</u>                                                  | <u>DATE OF<br/>LEASE</u> | <u>AREA LEASED<br/>SQ. FT.</u> | <u>ANNUAL<br/>RENTAL P.S.F.</u> | <u>COMMENTS</u>                                                 |
|----------------|------------------------------------------------------------------|--------------------------|--------------------------------|---------------------------------|-----------------------------------------------------------------|
| 1              | WED Enterprises<br>1400-1420 Flower St.<br>Glendale, California  | April 1979               | 33,115                         | \$3.12 NN                       | 5 year lease with CPI<br>adjustments after 2nd<br>and 4th years |
| 2              | Agfa-Gavaert<br>1025 Grand Central Ave.<br>Glendale, California  | April 1980               | 27,940                         | \$3.12 NN                       | 1 year lease with 1<br>year option adjusted<br>for CPI          |
| 3              | Aircraft Tank Service<br>8655 Tamarack<br>Sun Valley, California | September 1979           | 27,000                         | \$3.72 NN                       | 5 year lease                                                    |
| 4              | Catalina Plastics<br>1245 Flower<br>Glendale, California         | March 1980               | 24,000                         | \$3.60 NN                       | 5 year lease                                                    |
| 5              | 905 Allen<br>Burbank, California                                 | 1979                     | 22,000                         | \$2.86 NN                       |                                                                 |
| 6              | San Fernando/Pacific Blvds.<br>Glendale, California              | June 1979                | 9,500                          | \$3.48 NN                       |                                                                 |
| 7              | 162 West Verdugo<br>Burbank, California                          | 1979                     | 7,050                          | \$3.36 NN                       | 5 year lease                                                    |
| 8              | Foam Sales & Marketing<br>1311 Airway<br>Glendale, California    | January 1980             | 4,000                          | \$4.32 NN                       | 5 year lease                                                    |

COMPARABLE LAND SALES

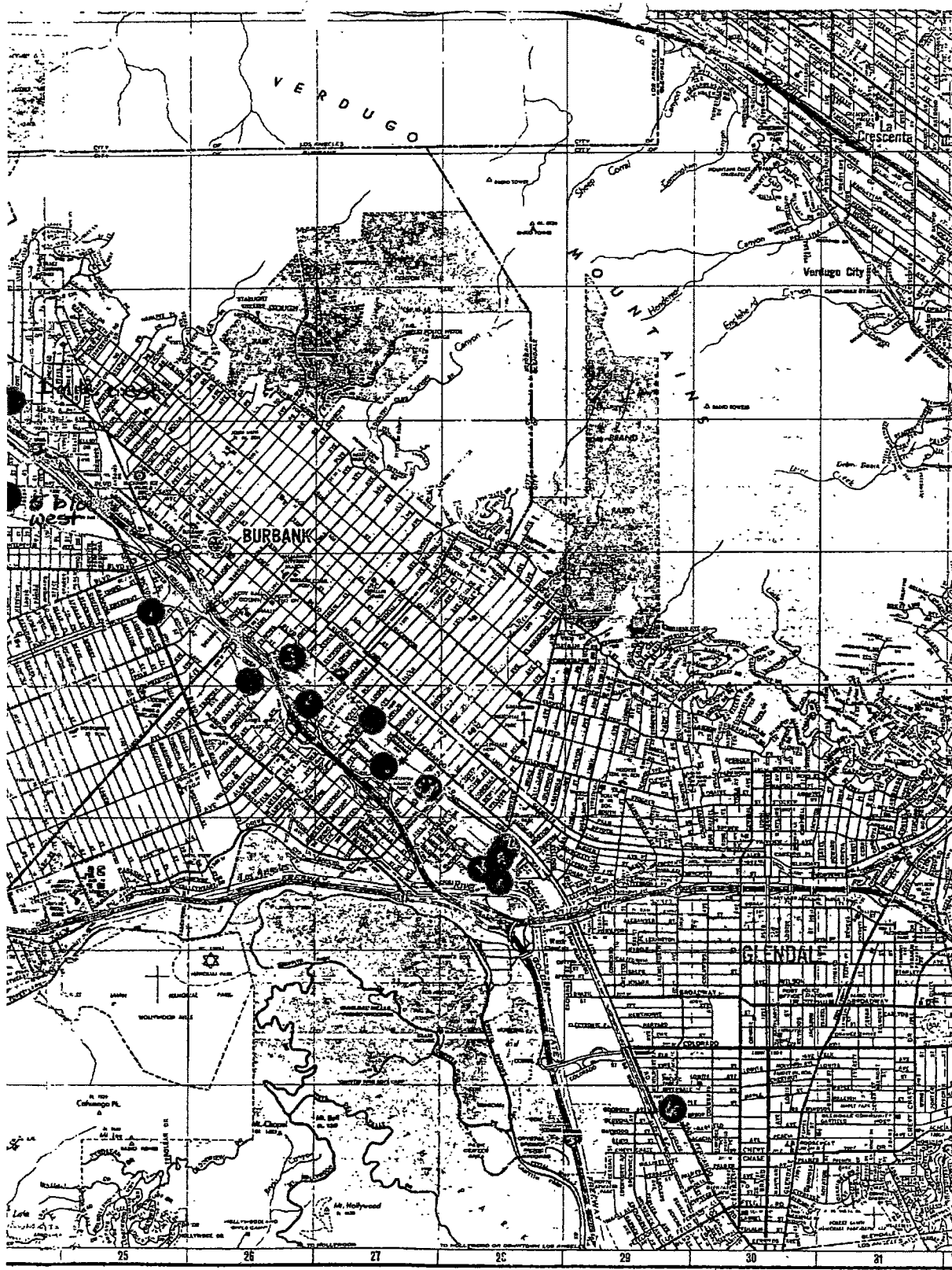
| <u>COMP. #</u> | <u>LOCATION</u>                                                     | <u>DATE OF SALE</u>           | <u>LAND AREA</u> | <u>SALES PRICE</u> | <u>PRICE P.S.F.</u> | <u>COMMENTS</u>                                                                                  |
|----------------|---------------------------------------------------------------------|-------------------------------|------------------|--------------------|---------------------|--------------------------------------------------------------------------------------------------|
| 1              | NWC of Western and Flower Avenues<br>Glendale, California           | January 1979                  | 70,000 Sq. Ft.   | \$ 669,900         | \$ 9.57             | Land purchased by Security Pacific National Bank for development of a concrete tilt-up building. |
| 2              | Corner of Victory Blvd. and Chandler Blvd.<br>Burbank, California   | Currently on the Market       | 47,000 Sq. Ft.   | \$ 550,000         | \$11.70             | Being offered by the City of Burbank                                                             |
| 3              | Corner of Bonnywood Pl. and Providencia Ave.<br>Burbank, California | Currently on the Market       | 8,500 Sq. Ft.    | \$ 65,000          | \$ 7.64             | Being offered by the City of Burbank                                                             |
| 4              | 2710 N. Ontario<br>Burbank, California                              | Bids currently being accepted | 207,781 Sq. Ft.  | \$2,077,810        | \$10.00             | \$10.00 is the minimum bid being accepted by the Burbank Redevelopment Agency                    |

A 85,000 Sq. Ft. parcel in Prudential's Grand Central Industrial Park is to be developed with a tilt-up concrete industrial building. Land for this project is being valued at \$11.00/Sq. Ft.

There is little activity in land sales due to the fact that the only vacant land available for development is in the Golden State Redevelopment Project in Burbank.







- SUBJECT PROPERTY
- RENTAL COMPARABLES
- LAND COMPARABLES
- PRUDENTIAL PROPERTY

AREA MAP





**METREX**  
LOS ANGELES

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SCALE



 1000' APPROX.

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LOS ANGELES, CALIFORNIA PHONE (213) 254-6771

## DOCUMENT 6



Ana M. Perez  
Director, Acquisitions and Sales

The Prudential Acquisitions and Sales Group  
2029 Century Park East, Suite 3600  
Los Angeles, CA 90067-3022  
213 277-1400

October 20, 1988

Prudential Realty Group  
John C. Hoffman

REC'D. OCT 24 1988

John Hoffman  
The Prudential Realty Group  
4 Prudential Plaza  
Newark, NJ 07101

Re: PRISA 415  
Burbank Industrial Building

Dear John,

Enclosed please find the sales submission for the Burbank Industrial building. As the marketing summary shows, we have been trying to sell the building since the fall of 1986 but have been slowed down by the existence of toxic soil contamination.

The purchase price of \$7,000,000 represents a price of \$51 per square foot and a point of indifference of 7.90% which is on the high end for a building that is close to being functionally obsolete. The high purchase price is due to that fact that Whittaker Corporation, the tenant, has excellent credit and is paying above market rental rates. The high rental rates also account for the high current rate of return of 9.1%.

The net proceeds from sale are \$39,000 less than the appraised value because the appraisal was raised at the last quarterly update to reflect the current negotiations.

The purchaser would like our corporate approval before he commits non-refundable funds to his lender so a quick response would be appreciated. All contingencies should be removed by October 31, 1988.

Please call if you have any questions.

Sincerely,

Ana M. Perez

/tt

Enclosure

# PROPERTY SALE PROPOSAL

Property No. PRISA 415 Address or Location: One West Alameda Avenue  
812 South Flower Street  
Burbank, California  
Purchaser Charles P. Cusumano, or nominee acceptable to The Prudential

Sale price.....\$ 7,000,000

Cash.....\$ 7,000,000

Contract Sale for a term of \_\_\_\_\_ with interest at \_\_\_\_\_ %  
payable beginning \_\_\_\_\_  
and payments of \$ \_\_\_\_\_ to include interest  
payable beginning \_\_\_\_\_ Principal.....\$ N/A

Purchase Money Mortgage for a term of \_\_\_\_\_ with interest at \_\_\_\_\_ %  
payable beginning \_\_\_\_\_  
and payments of \$ \_\_\_\_\_ to include interest  
payable beginning \_\_\_\_\_ from closing date. Principal.....\$ N/A  
Prepayment Privilege:

Commission payable to Grubb & Ellis .....\$ 245,000  
Address 4827 Sepulveda Blvd.  
Suite 250

Tax I.D. No. Sherman Oaks, California 91403  
Attn: Greg Barsamian

Repairs to be made by Prudential as a condition of this sale .....\$ 77,000

Credit for Asbestos Removal

Stamp tax to be paid by Prudential .....\$ 7,700

Other closing costs (Itemize):

Escrow Fees, Title Costs, Etc. ....\$ 9,300

**SPECIAL PROVISIONS:**  
Insurance to be cancelled. Net Sales Proceeds \$ 6,661,000  
Taxes N/A

Assessments N/A

Title to be conveyed by Grant deed.  
Closing date within 3 months of corporate approval

(Note: Selling Expenses total 339,000)

Approved for submission *John C. Hoffman* Attorney.

*Copies Sent  
to field  
10-25-88*

|                                     |                                   |                                                                                        |                                 |                             |                  |
|-------------------------------------|-----------------------------------|----------------------------------------------------------------------------------------|---------------------------------|-----------------------------|------------------|
| REAL ESTATE<br>INVESTMENT<br>OFFICE | RECOMMENDED<br><i>[Signature]</i> | <input type="checkbox"/> AUTHORIZED<br><input checked="" type="checkbox"/> RECOMMENDED | SIGNATURE<br><i>[Signature]</i> | TITLE<br>VICE PRESIDENT A&S | DATE<br>10/20/88 |
| DIVISION                            | RECOMMENDED                       | <input type="checkbox"/> AUTHORIZED<br><input type="checkbox"/> RECOMMENDED            | SIGNATURE                       | TITLE                       | DATE             |
| CORPORATE<br>OFFICE                 | RECOMMENDED                       | <input type="checkbox"/> AUTHORIZED<br><input checked="" type="checkbox"/> RECOMMENDED | SIGNATURE<br><i>[Signature]</i> | TITLE<br>Vice President     | DATE<br>10/24/88 |

## PROFIT or LOSS ANALYSIS (Estimated at time sale is recommended)

| Following to be furnished on all sales |             | Use only on sale of PTE or foreclosed properties |    |
|----------------------------------------|-------------|--------------------------------------------------|----|
| Total Actual Cost (Incl Sale Exp.)     | \$5,027,252 | Rehabilitation chargeable to R. E. Cost and      |    |
| Less Accrued Depreciation              | \$1,057,787 | Included in Total Actual Cost                    | \$ |
| Depreciated Cost                       | \$3,969,465 | Income During Ownership                          | \$ |
| Book Value Adjustments prior to Sale   | \$-0-       | Operating Expenses (Including Repairs, \$        | )  |
| Book Value                             | \$3,969,465 | chargeable to R. E. Expense                      | \$ |
| Profit or Loss on Depreciated Cost     | \$2,691,535 | Total Net Income or Expense During Ownership     | \$ |
| Profit or Loss on Book Value           | \$2,691,535 | Interest on Loan to Acquisition                  | \$ |

PRISA 415

BURBANK INDUSTRIAL BUILDING

SUMMARY OF MARKETING EFFORTS

In the fall of 1986, The Prudential received an unsolicited offer of \$7,000,000 for the Burbank Industrial Building which we pursued because, at the time, it was a very good price for the building. Negotiations with the buyer fell apart when a great deal of toxic contamination was found in the soil.

In the Spring of this year, most of the contaminated soils had been removed and the property was placed on the market.

Four offers were received as follows:

| <u>Buyer</u>         | <u>Price</u> |
|----------------------|--------------|
| TCW Realty Advisors  | \$7,000,000  |
| Charles Cusumano     | 7,100,000    |
| Continental Building | 7,000,000    |
| Greg Varon           | 6,800,000    |

We countered the offers and were able to raise TCW's offer to \$7.1 million.

During their inspection period, TCW discovered perceived seismic deficiencies in the buildings. The cost to remediate this problem ranged from \$600,000 to \$700,000. TCW was willing to pay the first \$100,000. TCW was unwilling to proceed with their toxic and asbestos studies until we resolved the seismic issue. We felt that a \$500,000 - \$600,000 expenditure was too high given the other offers and given the fact that most buyers in California do not obtain seismic reports.

During TCW's due diligence period, interest rates increased so that Charles Cusumano reduced his price to \$6.8 million and Continental Building dropped out altogether. We were able to raise the Cusumano offer to \$7,000,000.

The Purchase and Sale contract with Cusumano only has an asbestos and a financing contingency remaining. The buyer has a bid for removal of asbestos in the amount of \$77,000 and is obtaining two more bids. We have agreed to either remove the asbestos prior to closing or give them a credit at closing. We will try to negotiate the latter with a release of all of our liability.

Charles Cusumano has purchased several buildings in the area including some from the City of Burbank. Discussions with the city have led us to believe that Mr. Cusumano can successfully close this transaction.

|           | MONTH | CASH FLOW | PERCENT | PERCENT | PERCENT |
|-----------|-------|-----------|---------|---------|---------|
| CASH FLOW | 1     | 1         | 1.00    | 0       |         |
| CASH FLOW | 2     | 9         | 10.00   | 12      |         |
| CASH FLOW | 3     | 21        | 15.37   | 12      |         |
| CASH FLOW | 4     | 33        | 10.37   | 12      |         |
| CASH FLOW | 5     | 45        | 10.32   | 12      |         |
| CASH FLOW | 6     | 57        | 10.06   | 12      |         |
| CASH FLOW | 7     | 69        | 12.59   | 12      |         |
| CASH FLOW | 8     | 81        | 10.87   | 12      |         |
| CASH FLOW | 9     | 93        | 12.51   | 11      |         |

INVESTMENT COST 5000000 REVERSION 6661000 NUMBER OF PERIODS IN ANALYSIS 103

FREQUENCY OF EQUIPMENTS - MONTHLY

WHERE TO?  
FIELD

PROJECTED 103 MONTH YIELD UNCOMPENDE MONTHLY IS 12.83 PERCENT

DO YOU WANT PROGRYVES ON (NO)?  
NO YES

| MONTH     | CASH FLOW   | PERCENT  | DISCOUNTED     |
|-----------|-------------|----------|----------------|
| 0         | - 5,000,153 | 1.000000 | - 5,000,153.00 |
| 1 TO 12   | 51,644      | 7.627900 | 317,436.82     |
| 13 TO 24  | 41,549      | 10.28125 | 237,721.43     |
| 25 TO 36  | 31,537      | 9.033354 | 176,131.46     |
| 37 TO 48  | 21,557      | 7.961911 | 125,597.23     |
| 49 TO 60  | 11,032      | 7.012897 | 77,153.17      |
| 61 TO 72  | 5,964       | 6.171545 | 36,672.25      |
| 73 TO 84  | 52,599      | 5.431135 | 235,672.15     |
| 85 TO 96  | 50,587      | 4.775078 | 217,736.05     |
| 97 TO 103 | 32,361      | 3.541007 | 187,220.71     |
| 103       | 6,713,061   | .333863  | 2,241,646.93   |
| TOTAL     | 6,361,392   | -        | 1.00           |

WHERE TO?  
END

DO YOU WANT THE INPUT SHEET (YES OR NO)?  
YES

FILE NAME?  
PR-15  
DATA HAS BEEN SAVED UNDER FILE NAME - PR-15  
R1

REIO (WA) WEST DIV OFF

|                           |                    |                 |                              |                   |
|---------------------------|--------------------|-----------------|------------------------------|-------------------|
| PROP NAME: TECHNIBILT     | PROP NO.: 00415    | CITY: 1816      | % OWNERSHIP: 100.00          | SELLING PRICE:    |
| PROP LOC: GLENDALE CA     | SUB-PROP NO: 00415 | COUNTY: 37      | PRU MARKET VALUE: 6,350,000  | SELLING EXP:      |
| PROP DESC: TWO 1-STORY    | PORTFOLIO: PR      | STATE: 5        | JV MARKET VALUE:             | PHM AMOUNT:       |
| INDUSTRIAL BLDGS          | SECURITY: 9940     | AUTH DATE: 1980 | PRU LOAN BALANCE:            | PHM RATE:         |
| LEASE TYPE: NET           | OWNERSHIP: WO      | ACQ DATE: 1980  | TOTAL LOAN BAL:              | ORIG YIELD: 12.00 |
| COMBINATION:              | INVEST TYPE: PA    | TRAN DATE:      | CURRENT EQ INVEST: 5,000,159 | PROJ YEAR: 1995   |
| COMB STATUS: NOT COMBINED | WATCH PROP: NO     | SALE DATE:      | LEVERAGE TYPE: NONE          | SMSA CODE: 4480   |
| VP CODE: CEH              | GEN MGR: CSG       | INV MGR: FYP    | FUNCTION CODE: LMG           | CON YEAR:         |
| ACQ BK DATE: 8005         | SALE BK DAT:       | EST SL YR:      | TERM DATE:                   |                   |

| YEAR | TEQ       | TEQPRU    | PQ | PQP | PQI | PQPRU | PQPPRU | PQIPRU | LDT |
|------|-----------|-----------|----|-----|-----|-------|--------|--------|-----|
| 1980 | 5,000,159 | 5,000,159 | 0  | 0   | 0   | 0     | 0      | 0      | 0   |
| 1981 | 0         | 0         | 0  | 0   | 0   | 0     | 0      | 0      | 0   |
| 1982 | 0         | 0         | 0  | 0   | 0   | 0     | 0      | 0      | 0   |
| 1983 | 0         | 0         | 0  | 0   | 0   | 0     | 0      | 0      | 0   |
| 1984 | 0         | 0         | 0  | 0   | 0   | 0     | 0      | 0      | 0   |
| 1985 | 0         | 0         | 0  | 0   | 0   | 0     | 0      | 0      | 0   |
| 1986 | 0         | 0         | 0  | 0   | 0   | 0     | 0      | 0      | 0   |
| 1987 | 0         | 0         | 0  | 0   | 0   | 0     | 0      | 0      | 0   |
| 1988 | 0         | 0         | 0  | 0   | 0   | 0     | 0      | 0      | 0   |

| YEAR | INT | PRT | BLN | FA        | DC | RR | WC    | CR | CAR    |
|------|-----|-----|-----|-----------|----|----|-------|----|--------|
| 1980 | 0   | 0   | 0   | 5,000,159 | 0  | 0  | 0     | 0  | 0      |
| 1981 | 0   | 0   | 0   | 0         | 0  | 0  | 0     | 0  | 0      |
| 1982 | 0   | 0   | 0   | 0         | 0  | 0  | 0     | 0  | 0      |
| 1983 | 0   | 0   | 0   | 0         | 0  | 0  | 500   | 0  | -117   |
| 1984 | 0   | 0   | 0   | 0         | 0  | 0  | 0     | 0  | -327   |
| 1985 | 0   | 0   | 0   | 0         | 0  | 0  | 0     | 0  | -3,204 |
| 1986 | 0   | 0   | 0   | 0         | 0  | 0  | 0     | 0  | 500    |
| 1987 | 0   | 0   | 0   | 3,958     | 0  | 0  | 0     | 0  | 500    |
| 1988 | 0   | 0   | 0   | 19,585    | 0  | 0  | 4,907 | 0  | 5,407  |

| YEAR | DPTX    | DPTXSL  | DPBK    | TNIA | TXOTH | BBASPAR | TBASPAR | SPPAR | DPTXPAR |
|------|---------|---------|---------|------|-------|---------|---------|-------|---------|
| 1980 | 84,537  | 74,033  | 74,033  | 0    | 0     | 0       | 0       | 0     | 0       |
| 1981 | 126,908 | 126,908 | 126,908 | 0    | 0     | 0       | 0       | 0     | 0       |
| 1982 | 126,907 | 126,907 | 126,907 | 0    | 0     | 0       | 0       | 0     | 0       |
| 1983 | 126,907 | 126,907 | 126,907 | 0    | 0     | 0       | 0       | 0     | 0       |
| 1984 | 126,907 | 126,907 | 126,907 | 0    | 0     | 0       | 0       | 0     | 0       |
| 1985 | 126,907 | 126,907 | 126,907 | 0    | 0     | 0       | 0       | 0     | 0       |
| 1986 | 126,907 | 126,907 | 126,907 | 0    | 0     | 0       | 0       | 0     | 0       |
| 1987 | 126,907 | 126,907 | 126,907 | 0    | 0     | 0       | 0       | 0     | 0       |
| 1988 | 127,322 | 127,301 | 63,509  | 0    | 0     | 0       | 0       | 0     | 0       |

| YEAR | DPTXSLPR | DPBKPAR | CFO     | DCF     | MV        | ENC | CC        | BY        | VTNI |
|------|----------|---------|---------|---------|-----------|-----|-----------|-----------|------|
| 1980 | 0        | 0       | 333,153 | 333,153 | 5,000,000 | 0   | 5,000,159 | 4,926,126 | 0    |
| 1981 | 0        | 0       | 498,818 | 498,818 | 5,534,000 | 0   | 5,000,159 | 4,799,219 | 0    |
| 1982 | 0        | 0       | 498,448 | 498,448 | 5,842,000 | 0   | 5,000,159 | 4,672,310 | 0    |
| 1983 | 0        | 0       | 490,782 | 490,282 | 6,125,000 | 0   | 5,000,159 | 4,545,403 | 0    |
| 1984 | 0        | 0       | 492,382 | 492,382 | 6,213,000 | 0   | 5,000,159 | 4,418,495 | 0    |
| 1985 | 0        | 0       | 600,772 | 600,772 | 6,400,000 | 0   | 5,000,159 | 4,291,587 | 0    |
| 1986 | 0        | 0       | 631,187 | 631,187 | 6,350,000 | 0   | 5,000,159 | 4,164,679 | 0    |
| 1987 | 0        | 0       | 610,998 | 607,040 | 6,350,000 | 0   | 5,004,117 | 4,041,730 | 0    |
| 1988 | 0        | 0       | 321,263 | 296,770 | 6,350,000 | 0   | 5,023,702 | 3,997,805 | 0    |

| YEAR | TXI     | TTXT    | FABK(A) | GRENT | OPERREV | OPEREXP | GOP     | FIXEXP | NETINC  |
|------|---------|---------|---------|-------|---------|---------|---------|--------|---------|
| 1980 | 102,264 | 107,949 | 0       | 0     | 0       | 0       | 0       | 0      | 0       |
| 1981 | 162,454 | 354,358 | 0       | 0     | 0       | 0       | 0       | 0      | 0       |
| 1982 | 166,450 | 498,669 | 0       | 0     | 0       | 0       | 0       | 0      | 0       |
| 1983 | 163,016 | 610,009 | 0       | 0     | 529,111 | 11,965  | 517,145 | 26,981 | 490,164 |
| 1984 | 134,495 | 640,821 | 0       | 0     | 557,310 | 10,459  | 546,850 | 54,678 | 492,172 |
| 1985 | 151,163 | 574,087 | 0       | 0     | 673,523 | 16,776  | 656,747 | 58,853 | 597,894 |
| 1986 | 164,294 | 694,159 | 0       | 0     | 729,970 | 15,805  | 714,165 | 79,984 | 634,181 |



|      |         |           |       |   |         |        |         |        |         |
|------|---------|-----------|-------|---|---------|--------|---------|--------|---------|
| 1987 | 225,151 | 1,067,013 | 3,958 | 0 | 724,906 | 43,255 | 681,650 | 70,649 | 611,001 |
| 1988 | 0       | 0         | 585   | 0 | 366,356 | 7,902  | 358,453 | 37,190 | 321,263 |

| YEAR | CFOBKACCR | REVACCR | TXACCR | OTHACCR | PPADJ | CFOBKCASH | GOI | UNDEXP | FFE |
|------|-----------|---------|--------|---------|-------|-----------|-----|--------|-----|
| 1983 | 490,164   | 0       | 0      | 617     | 0     | 490,782   | 0   | 0      | 0   |
| 1984 | 492,172   | 0       | 0      | 209     | 0     | 492,382   | 0   | 0      | 0   |
| 1985 | 597,894   | 0       | 0      | 2,877   | 0     | 600,772   | 0   | 0      | 0   |
| 1986 | 634,181   | 0       | 0      | -2,994  | 0     | 631,187   | 0   | 0      | 0   |
| 1987 | 611,001   | 0       | 0      | -2      | 0     | 610,998   | 0   | 0      | 0   |
| 1988 | 321,263   | 0       | 0      | -457    | 0     | 320,806   | 0   | 0      | 0   |

| YEAR | PRUFUND | NETINCCSH | CFAACCR   | BVACCR    | PEI | JVMV | JVGMV | NETINCAC | APPREC  |
|------|---------|-----------|-----------|-----------|-----|------|-------|----------|---------|
| 1983 | 0       | 0         | 0         | 0         | 0   | 0    | 0     | 0        | 0       |
| 1984 | 0       | 0         | 0         | 0         | 0   | 0    | 0     | 0        | 0       |
| 1985 | 0       | 0         | 0         | 0         | 0   | 0    | 0     | 0        | 0       |
| 1986 | 0       | 0         | 5,000,159 | 0         | 0   | 0    | 0     | 0        | 0       |
| 1987 | 0       | 611,812   | 5,004,117 | 4,041,730 | 0   | 0    | 0     | 611,815  | -3,958  |
| 1988 | 0       | 320,834   | 5,023,702 | 3,997,805 | 0   | 0    | 0     | 321,292  | -19,585 |

| YEAR | TOTRACCR | INCRACCR | APPRRET | TOTRCSH | INCRCSH |
|------|----------|----------|---------|---------|---------|
| 1986 | 0.00%    | 0.00%    | 0.00%   | 0.00%   | 0.00%   |
| 1987 | 9.57%    | 9.63%    | -0.06%  | 9.57%   | 9.63%   |
| 1988 | 4.75%    | 5.06%    | -0.31%  | 4.74%   | 5.05%   |

REIO SELECTION?

AGREEMENT OF PURCHASE AND SALE  
AND ESCROW INSTRUCTIONS

To: Commerce Escrow  
1545 Wilshire Boulevard, Suite 600  
Los Angeles, California 90017  
Attn: Mark Minsky (213) 484-0855

RE: Your Escrow Number \_\_\_\_\_  
Prudential Property Number PRISA 415

This Agreement of Purchase and Sale and Escrow Instructions (hereinafter "Agreement") is dated this 17 day of October, 1988 by the parties hereto, THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation (hereinafter referred to as "Seller"), and Charles P. Cusumano or his nominee acceptable to Seller (hereinafter referred to as "Buyer") who do hereby agree among themselves and instruct you, Commerce Escrow (sometimes hereinafter referred to as "You" or as "Escrow Holder"), as follows:

1. SALE.

Seller does hereby agree to sell to Buyer and Buyer does hereby agree to purchase from Seller that certain real property (sometimes hereinafter referred to as the "Real Property") located at One West Alameda Avenue and 812 South Flower Street, Burbank, California consisting of two (2) industrial buildings (hereinafter referred to as the "Building") together with all improvements and fixtures thereon, including all machinery, equipment, partitions, heating, cooling, ventilating, light, electrical, power,

communications, sanitation, waste removal and other utility facilities, wall, window and floor coverings and decorations, and any and all appurtenances, mineral, water or other rights owned by Seller which are incidental to the ownership of the Real Property; and all tangible personal property, if any, owned by Seller and used in connection with the operation of the Building (sometimes hereinafter referred to as the "Personal Property"). The legal description of the Real Property is attached hereto as Exhibit "A" and incorporated herein by this reference as though set forth in full at this place. The Personal Property is inventoried on, and shall be conveyed by Seller to Buyer by means of, the Bill of Sale attached hereto as Exhibit "B" and incorporated herein by this reference as though set forth in full at this place.

The Building and all of the aforesaid Real Property, Personal Property, tangibles and intangibles, are sometimes collectively referred to hereinafter as the "Property".

2. PURCHASE PRICE AND PAYMENT TO SELLER:

The purchase price (hereinafter "Purchase Price") to be paid by Buyer to Seller for the Property is the sum of Seven Million and No/100 Dollars (\$7,000,000.00) subject to adjustments as provided in this Agreement. Upon execution of this Agreement by Seller and Buyer, Buyer will deposit with Escrow Holder the sum of Two Hundred Thousand Dollars and No/100 (\$200,000.00) earnest money. If Buyer shall extend the closing date beyond November 30, 1988 under Paragraph 8 hereof, then Buyer shall deposit into escrow no later than November 30, 1988 an additional \$100,000 earnest money. Such earnest money will be placed in an interest bearing account with interest earned to accrue to the account of Buyer. Such earnest money will become non-refundable to Buyer upon the completion of the Inspection Contingency Period and the Financing Contingency Period as hereinafter defined. The balance

of the Purchase Price shall be deposited with Escrow Holder in cash or cashier's or certified check not later than the business day next preceding the Close of Escrow.

The net proceeds from the sale of the Property are to be wire transferred by You by Federal Reserve Bank Wire on the Closing date as follows:

Morgan Guaranty Trust Company  
30 Wall Street  
New York, New York  
For Prudential Account Number  
050-53-360  
Morgan's Representative: Dan Rosenthal  
(212) 483-2875

The wire transfer shall include the reference: "Sale Proceeds of PR 415, Burbank, California." You shall instruct Morgan Guaranty Trust Company to confirm the receipt of the funds to Debbie Watson (201) 802-8992.

3. TITLE AND TITLE INSURANCE.

Seller shall convey to Buyer a good title to the Real Property by Grant Deed, free and clear of all liens, encumbrances, easements and claims except for the title exceptions contained in a Preliminary Title Report (hereinafter referred to as the "Preliminary Title Report") issued by Stewart Title (hereinafter "Title Company") (under Order Number 334406, dated April 14, 1988, as that Preliminary Title Report may be amended from time to time as approved by Buyer and Seller). A copy of the Preliminary Title Report has been delivered by Seller to Buyer.



At Close of Escrow you shall cause to be issued through escrow an Owner's Policy of Title Insurance providing for standard coverage showing only those title exceptions appearing in the Preliminary Title Report and any additional exceptions approved by Buyer and Seller, underwritten by the Title Company insuring Buyer with liability in the amount of the Purchase Price. The original of said policy shall be delivered by Escrow Holder to Buyer at Close of Escrow, with a copy to Seller.

4. SELLER'S DELIVERY INTO ESCROW.

Seller will deliver to You the following prior to Close of Escrow:

- A. A Grant Deed conveying fee simple title to the Real Property to Buyer which You shall cause to be recorded pursuant to these instructions.
  - B. Two originals of a Bill of Sale conveying title to the Personal Property in the form of Exhibit "B" attached hereto.
  - C. Duplicates of an Assignment and Assumption of Lease in the form of Exhibit "C" attached hereto which documents shall have been executed by Seller and shall be in recordable form.
  - D. An affidavit from Seller stating that Seller is not a "Foreign Person" under the Foreign Investment in Real Property Tax Act of 1980 ("FRPTA").
- 
- E. Any Affidavit or certificate required by the State to be filed with regard to any ad valorem or excise tax pertaining to the Property or the sale.

G. 1099-B Certification.

H. Confirmation that the cleanup of the former oil sumps currently in progress supervised by M.B. Gilbert Associates has been completed. A closure report by the Los Angeles Department of Public Works with respect to the former oil sumps is a condition precedent to Close of Escrow. Close of Escrow shall relieve Seller of all liability with respect to any soil contamination at such oil sumps.

5. BUYER'S DELIVERY INTO ESCROW.

Buyer will deliver to You the following prior to Close of Escrow:

A. The balance of the Purchase Price (as provided in Paragraph 2 above) plus such additional funds as are required to pay escrow charges payable by Buyer hereunder, less any credits Buyer is entitled to under the terms hereof.

B. Two originals of the executed (by Buyer) counterparts of the documents described in Paragraphs 4C, 4D and 4E above.

6. CHARGES.

A. Your fees as Escrow Holder with respect to this sale shall be shared equally by Seller and Buyer. You are hereby directed to deduct all Seller's charges from the sale proceeds delivered into escrow.

B. The aggregate premium for the Owner's Policy of the Title Insurance shall be paid by Seller.

C. All expenses and charges incurred in connection with the discharge of delinquent taxes, if any, or liens or encumbrances, shall be charged to Seller.

D. Each party shall be responsible for payment of the fees and expenses of its counsel, if any, relating to this sale.

E. Any documentary or transfer taxes shall be paid by Seller.

~~F. Any other closing costs or charges including recording fees are to be paid by Buyer.~~



7. PRORATIONS.

A. Seller represents that the lease affecting the Building is triple net, therefore, there will be no prorations of real estate taxes, water, electricity, gas or other utility payments.

B. You are to prorate all rents and charges (including cost of living escalation payments and "net bonus" as defined in the lease) due under the lease referred to in Paragraph 12 below (sometimes hereinafter referred to as the "Lease"), based on the number of days in the month of Close of Escrow as of the date of Close of Escrow based upon figures to be jointly supplied to You by Buyer and Seller. If at the Close of Escrow there are any past due rents or charges owed by tenants with respect to periods prior thereto, it shall be assumed for purposes of proration that all such amounts have



been received by Seller; Buyer, however, shall cooperate with Seller in collecting such amounts, and any such amounts paid by tenants to Buyer or its agents after the Closing shall forthwith be paid over to Seller. In the event that Seller shall have received any prepaid rents or other charges from tenants applicable to periods after the Close of Escrow then Buyer shall be credited through Escrow with such rents and charges as of the Close of Escrow.

If Seller receives any amounts attributable to the period after Close of Escrow, whether as rent charges or otherwise payable to Buyer, Seller shall forthwith pay such amounts to Buyer.

C. Buyer shall be credited through escrow with the amount of any tenant security deposits or any other tenant deposits held by Seller or on behalf of Seller.

D. All installments of bonds, special taxes or assessments which are a lien on the Property and are due and payable at the time of Closing shall be paid by Seller, provided however, all installments of bonds, special taxes and assessments which become due and payable after the Closing shall be assumed by Buyer.

E. There will be no insurance policies assigned through this escrow and hence there will be no proration of insurance premiums.

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8. CLOSE OF ESCROW.

You are to close escrow as of the date (herein referred to as "Close of Escrow" or "Closing") as soon as you have received the items specified in Paragraphs 2, 4 and 5 and upon compliance by You with this Agreement, but in any case by November 30, 1988, unless such date shall be extended by written agreement of Seller and Buyer. So long as Buyer is not in default of this Agreement, Buyer shall have the option of extending this Escrow until December 30, 1988 by depositing an additional One Hundred Thousand Dollars (\$100,000.00) non refundable deposit into escrow. Said deposit shall be credited towards the Purchase Price at Closing. As of the Close of Escrow (i) you are to record (in Los Angeles County) the documents described in Paragraph(s) 4A and 4C, and (ii) you are to deliver (a) one original each of the documents described in Paragraphs 4B, 4C and 4H to Buyer and Seller (b) the original title policy described in Paragraph 3 to Buyer with a copy to Seller and (c) the 1099-B Certification with a copy of completed Form 1099-B to both Buyer and Seller.

9. REAL ESTATE COMMISSIONS.

Seller will deliver to You prior to Close of Escrow a letter of instructions with respect to the payment of any real estate commissions that may be payable by Seller on the consummation of this sale. Said letter will authorize You to deduct such commissions from the cash proceeds owing to Seller and to disburse the commissions from the cash proceeds by check directly to Grubb and Ellis ("Broker") as more precisely directed in such letter of instructions.

10. AMENDMENTS.

All amendments and supplements to this Agreement must be in writing and executed by Buyer and Seller except with regard to Paragraph 9.

11. NOTICES.

Whenever You or any party hereto shall desire to give or serve upon the other any notice, demand, request or other communication, each such notice, demand, request or other communication shall be in writing and shall be given or served upon the other party by personal service or by first class United States mail, postage prepaid, addressed as follows:

TO SELLER: THE PRUDENTIAL INSURANCE COMPANY OF AMERICA  
2049 CENTURY PARK EAST, SUITE 2550  
LOS ANGELES, CALIFORNIA 90067  
ATTENTION: Ana Maria Perez

TO BUYER: CHARLES P. CUSUMANO  
101 SOUTH FIRST STREET  
SUITE 400  
BURBANK, CALIFORNIA ~~91502~~ 91502

TO ESCROW  
HOLDER: COMMERCE ESCROW  
1545 WILSHIRE BLVD. #600  
LOS ANGELES, CALIFORNIA 90017  
ATTN: MARK MINSKY

Any such notice, demand, request or other communication shall be deemed to have been received upon personal delivery thereof or

three (3) days after having been mailed as provided above, as the case may be.

12. LEASES AND ESTOPPEL LETTERS.

(i) Attached hereto as Exhibit "C" and incorporated herein by this reference as though set forth in full herein is a form of Assignment and Assumption of Lease, duplicate originals of which Buyer and Seller agree to execute and deposit in recordable form with the Escrow Holder.

(ii) As a condition precedent to the Close of Escrow, a written certificate in substantially the form of Exhibit "D" attached hereto and incorporated herein by this reference must be obtained from the tenant at the Property or from Seller acknowledging:

(a) That the lease agreement (identified by date) and any amendments and modifications thereto (also identified by date) are the only agreement(s) of any nature between Seller and the tenant.

(b) That Seller is not in default of its obligations as landlord under the lease agreement and the lease is in full force and effect.

(iii) In the event prior to Close of Escrow, Seller, in good faith, is unable to obtain a certificate (as described in subparagraph (ii) immediately above) from the tenant at the Property, then Seller shall provide such certificate. If after closing Seller is able to obtain such certificate from the Tenant, then the Tenant's certificate will replace Seller's certificate.

(iv) Buyer and Seller hereby agree that Buyer shall be responsible for any leasing commissions, tenant improvement costs to be borne by the landlord under any leases at the Property and any other expenses to be borne by the landlord which arise out of leases executed following the date of this Agreement or which arise out of the exercise by the tenant under any lease existing prior to the date of this Agreement of an extension or expansion option.

13. INTENTIONALLY OMITTED

14. MATTERS OF AGREEMENT BETWEEN BUYER AND SELLER.

As matters of understanding between Buyer and Seller with which You are not to be concerned, Buyer and Seller agree as follows:

A. SELLER'S REPRESENTATIONS AND WARRANTIES.

Seller represents and warrants as follows:

- (i) To the best knowledge and information of Seller:
  - (a) Seller has complied with and fulfilled all of Seller's obligations under all Leases, (b) Other than as disclosed in writing to Buyer, Seller has not received notice nor does it know of any violation of any statute, ordinance, rule or regulation of any governmental authority requiring any work to be done affecting the Property, (c) there are no condemnation or similar proceedings against the Property, either pending or anticipated, (d) the existing survey for the Property in Seller's possession (sometimes hereinafter referred to

as the "Survey") is true and correct in all respects, (e) there are no adverse claims of adjoining property owners against the Property, (f) there are no encroachments by Seller on the property of others or by others on the Property except as may be shown on the Survey, and (g) all fences and walls of Seller are located within the lines of the Real Property except as may be shown on the Survey.

(ii) To the best knowledge of Seller, other than as previously disclosed in writing to Buyer the building and the operations of Seller therein are not in violation of any existing federal, state or local law, ordinance, rule, regulation or order.

(iii) Subject to Paragraph 14T, Seller and all persons acting for and on behalf of Seller have the necessary authority to execute documents and to otherwise consummate this transaction.

(iv) All Personal Property located on the Property and all fixtures attached to, pertinent to, or used in connection with the Property being conveyed by Seller hereunder are owned by it and are free of all liens and encumbrances except as may be shown in the Preliminary Title Report.

(v) Seller has received no notice nor does it know of any ad valorem tax or assessment affecting the Property which is not shown as an existing lien on the records of any taxing authority which levies ad valorem taxes or assessments.

B. BUYER'S REPRESENTATIONS AND WARRANTIES.

Buyer represents and warrants as follows:

(i) If Buyer is a Partnership it is duly organized and validly existing in good standing under the laws of the State of California and has power and authority to own its properties and to transact the business in which it is engaged and has taken all necessary action to authorize the execution, delivery and performance of this Agreement, and this Agreement constitutes a valid and binding obligation of Buyer.

(ii) Buyer has the right, power, legal capacity and authority to enter into and perform its obligations under this Agreement, and no approvals or consents of any persons other than Buyer are required in connection with this Agreement. The execution of this Agreement and consummation of the transactions contemplated hereby will not result in or constitute any default or event that, with notice or lapse of time or both, would be a default, breach or violation of the organizational instruments or laws governing Buyer or any lease, license, promissory note, conditional sales contract, commitment, indenture, mortgage, deed of trust, or other agreement, instrument, or arrangement to which Buyer is a party or by which Buyer is a party or by which Buyer is bound.

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(iii) Buyer (or its representatives) will have fully examined and inspected the Property prior to the Close of Escrow, and Buyer will know and be satisfied with the physical condition, quality, quantity and state of repair of the Property in all respects and that the same

is acceptable to Buyer "as is", and Buyer agrees that no representations, statements or warranties have at any time been made by Seller, or its agents, as to the physical condition, quality, quantity, or state of repair of the Property or related to the operations or prospects for the Property in any respect which have not been expressed in this Agreement.

C. INSPECTION CONTINGENCY PERIOD, FINANCING CONTINGENCY PERIOD.

(i) This Agreement is subject to Buyer's inspection and approval of a final asbestos report for the property by October 31, 1988 "Inspection Contingency Period". Buyer has already inspected and approved the interior and exterior of the building including all mechanical systems and (a) the Preliminary Title Report and the Survey of the Property, (b) existing Lease affecting the Property, (c) books and records of the Property's operation and management for the past two years, and the Property income and expenses. Seller has furnished Buyer with copies of the above documents. Buyer's approval of its inspections shall be made by Buyer issuing his approval in writing to the Escrow Holder, prior to October 31, 1988. If Buyer fails to issue his approval in writing prior to October 31, 1988, then Escrow Holder shall deem this Agreement terminated and shall give Seller written notice thereof and all

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deposits given by Buyer shall be returned to Buyer, less any escrow or title costs which may have been incurred by Buyer and Buyer shall immediately return to Seller all books, records, leases, surveys and other items which were delivered to Buyer by Seller. Buyer and its



representatives, agents and designees shall have the right to enter upon the Property, at Buyer's sole cost and expense, in order to inspect and investigate the same. Such entry shall be made only after reasonable advance written notice to Seller by Buyer and at times acceptable to Seller and any tenants or other occupants of the Building. Buyer hereby indemnifies and agrees to hold Seller and the Property free and harmless from and against all liabilities, claims, expenses and liens arising out of any such entry by Buyer or its representatives, agents or designees. Buyer's indemnity shall include attorneys' fees and costs incurred by Seller to defend itself against any such claim, shall survive the Close of Escrow and shall continue until the later of the final disposition of any action to enforce the same or the date on which the statute of limitations with respect thereto has lapsed.

(ii) Buyer has until October 31, 1988 to obtain a commitment from a lender of his choice (Financing Contingency Period) for a loan in an amount not less than Five Million Dollars (\$5,000,000) at an interest rate not to exceed 10½% per annum for a term of seven years. Buyer shall notify Seller immediately upon receipt of such commitment and such notice shall remove this Financing Contingency. If Buyer does not notify Seller by October 31, 1988 that he has obtained such commitment, then it shall be deemed that Buyer has

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failed to receive the required financing commitment and this Agreement shall terminate and all deposits given by Buyer shall be returned to Buyer, less any escrow or title cost which may have been incurred by Buyer.

D. MAINTENANCE OF PROPERTY DURING ESCROW AND  
CONFIDENTIALITY.

(i) Subject to Paragraph 14E below, Seller agrees to maintain the Property in its present condition, fair wear and tear excepted, until the Close of Escrow, and will not enter into any new leases or agreements pertaining to the Property without Buyer's consent which consent shall not be unreasonably withheld. The failure by Buyer to object to any new leases or agreements within five (5) business days of notice of same from Seller shall be deemed to be (i) Buyer's approval of same and consent to the execution by Seller of those leases or agreements and (ii) the binding of Buyer to the provisions of such leases or agreements after the Close of Escrow.

(ii) Buyer agrees to keep and maintain and shall cause its officers, partners and employees to keep and maintain any information, whatsoever, concerning this transaction confidential and not disclose any terms of the transaction to any person or firm outside of its organization except for escrow holder and lender. This agreement for confidentiality shall include but not be limited to all items provided to Buyer by Seller and any reports or inspections which Buyer may have performed or had performed on its behalf. In the event Buyer elects to terminate this Agreement pursuant to (i) above, Buyer shall promptly return all items furnished to Buyer by Seller and deliver all reports or inspections, whatever concerning the Property.

E. POSSESSION AND RISK OF LOSS.

(i) At Close of Escrow, Seller, subject to subparagraph (ii) immediately below, shall deliver to Buyer possession of the Property and each part thereof, subject, however, to the rights of any tenants of the Property.

(ii) In the event prior to Close of Escrow the Property shall sustain damage caused by fire or other casualty which would cost \$250,000 or more to repair, or a taking or condemnation has occurred, or is threatened, of all or any portion of the Property as would materially interfere with the existing use thereof, Buyer or Seller may, at its option, terminate this Agreement by written notice to the other within fifteen (15) days after notice of such event, or at the intended Close of Escrow, whichever is earlier. In such event, Buyer shall be entitled to the immediate recovery of all sums deposited by it into escrow. If neither Buyer nor Seller so elects to terminate its obligations under this Agreement, the Close of Escrow shall take place as provided herein without abatement of the Purchase Price, and there shall be assigned to Buyer at the Close of Escrow all of the Seller's interest in and to any insurance proceeds or condemnation awards which may be payable to Seller on account of such occurrence and Seller shall have no obligation of repair or replacement.

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In the event, prior to Close of Escrow, the Property shall sustain damage caused by fire or other casualty which would cost less than \$250,000 to repair, or a

taking or condemnation has occurred, or is threatened, as would not materially interfere with the existing use thereof, Buyer and Seller shall have no right to terminate this Agreement, and there shall be assigned to Buyer at the Close of Escrow all of Seller's interest in and to any insurance proceeds or condemnation awards which may be payable to Seller on account of any such occurrence, and Seller shall have no obligation of repair or replacement.

F. BUYER'S REMEDIES.

In the event that Seller, after the opening of escrow hereunder, is unable to convey marketable title in accordance with the terms of this Agreement, or in the event of the failure of any contingencies in favor of Buyer set forth in this Agreement and Buyer has not waived such contingencies, this Agreement may be terminated at the option of Buyer. If Buyer terminates the Agreement under this paragraph, Seller shall refund or cause to be refunded all of Buyer's deposits and thereafter both Buyer and Seller shall be relieved of any further liability hereunder.

G. SELLER'S REMEDIES.

SELLER'S SOLE REMEDY IN THE EVENT THAT PRIOR TO CLOSE OF ESCROW BUYER BREACHES ANY OF ITS OBLIGATIONS UNDER THIS AGREEMENT, SHALL BE FOR SELLER TO DECLARE THIS AGREEMENT TERMINATED BY WRITTEN NOTICE TO BUYER. BOTH PARTIES AGREE THAT IF SELLER SO TERMINATES THIS AGREEMENT, SELLER SHOULD BE ENTITLED TO COMPENSATION FOR THE DETRIMENT SUFFERED BY IT, BUT THAT IT IS EXTREMELY DIFFICULT AND IMPRACTICAL TO ASCERTAIN THE EXTENT OF SUCH DETRIMENT, AND THUS TO AVOID THESE PROBLEMS, THE PARTIES AGREE TO LIQUIDATED DAMAGES BY

AGREEING THAT SELLER SHALL BE ENTITLED TO RETAIN THE \$200,000.00 EARNEST MONEY DEPOSIT OR, IF BUYER FAILS TO CLOSE AFTER NOVEMBER 30, 1988 THEN SELLER SHALL BE ENTITLED TO RETAIN THE \$300,000.00 EARNEST MONEY DEPOSIT. BOTH PARTIES AGREE THAT THE SUM STATED AS LIQUIDATED DAMAGES IS A REASONABLE ESTIMATE OF THE AMOUNT OF DAMAGES WHICH MAY BE SUFFERED BY SELLER AND THAT IT SHALL BE IN LIEU OF ANY OTHER RELIEF TO WHICH SELLER MIGHT OTHERWISE BE ENTITLED TO BY VIRTUE OF THIS AGREEMENT OR BY OPERATION OF LAW, AND SHALL BE ITS SOLE REMEDY FOR ANY DEFAULT BY BUYER PRIOR TO CLOSE OF ESCROW. BUYER AND SELLER HAVE PLACED THEIR INITIALS HERE (BUYER me, SELLER me) TO SHOW THEIR AGREEMENT TO THE FOREGOING LIQUIDATED DAMAGES PROVISION.

H. ATTORNEY'S FEES.

In the event that any party to this Agreement is required to employ counsel to enforce any of the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and court costs incurred.

I. COMPLETE AGREEMENT.

All understandings and agreements heretofore had between the parties are merged in this Agreement, which alone fully and completely expresses the agreement of the parties. This Agreement has been entered into after full investigation of the facts by both parties and neither party has relied on any statement or representation not embodied in this document.

J. GOVERNING LAW.

This Agreement shall be governed under the laws of the State of California.

K. COUNTERPARTS, HEADINGS AND DEFINED TERMS.

This Agreement may be executed in several counterparts each of which shall be an original, but all of such counterparts shall constitute one such Agreement. The headings used herein are for convenience only and are not to be construed to be part of this Agreement. The terms "Buyer" and "Seller" as used herein shall include the plural as well as the singular. If more than one person or entity is named a "Buyer" the obligations of such persons or entities are joint and several.

L. EFFECTIVENESS OF AGREEMENT

Submission of this Agreement for examination or signature by Buyer is not effective as an agreement to sell the Property, or otherwise until execution by and delivery to both Buyer and Seller of an original of this Agreement.

M. TIME OF THE ESSENCE.

Time is of the essence of this Agreement.

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N. WAIVER AND SURVIVAL.

The waiver by one party of the performance of any covenant, condition or promise shall not invalidate this Agree-

ment, nor shall it be considered to be a waiver by it of any other covenant, condition, or promise. The waiver by either or both parties of the time for performing any act shall not constitute a waiver of the time for performing any other act or an identical act required to be performed at a later time. Except as specifically provided in Paragraph 14F and 14G above, the exercise of any remedy provided in this Agreement shall not be a waiver of any other remedy provided by law. The representations, warranties, covenants and agreements of the parties contained herein shall survive the Close of Escrow and shall not be merged into the Closing Documents.

O. THIRD PARTIES.

Nothing contained in this Agreement, expressed or implied, is intended to confer upon any person, other than the parties hereto and their successors and assigns, any rights or remedies under or by reason of this Agreement.

P. SEVERABILITY.

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

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Q. ADDITIONAL DOCUMENTS.

Each party hereto agrees to perform any further acts and to execute and deliver any further documents which may be reasonably necessary to carry out the provisions of this Agreement.

R. ASSIGNMENT: BINDING EFFECT.

Except for Assignment by Buyer to a Partnership controlled by him or to a member of his immediate family this Agreement is not assignable by Buyer to any other party without the prior written consent of Seller which consent shall be exercised in Seller's sole and uncontrolled discretion. Subject to the foregoing, this Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of Seller and Buyer.

S. INDEMNITY.

The only real estate commissions in connection with the sale of the Property are described in Paragraph 9 and Seller and Buyer shall defend, indemnify and hold each other free and harmless from and against all claims and demands in respect to additional commissions or finder's fees which such indemnifying party may have incurred. The indemnity provided for herein shall include attorneys' fees and costs incurred to defend any claim.

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The provision of this Paragraph 14S shall survive the Close of Escrow and shall continue until the later of the final disposition of any action to enforce same or the date on which the statute of limitations with respect thereto has lapsed.



T. CORPORATE APPROVAL.

It is understood that this sale must be approved by Seller's Corporate officers and the Finance Committee of its Board of Directors. Seller will present this sale to its Corporate officers for such approval. Upon the approval and authorization by Seller's Corporate officers and the Finance Committee of its Board of Directors, Seller shall immediately notify Buyer. In the event that the sale shall not be approved as herein provided within thirty (30) days from end of the Financing Contingency Period, Seller shall terminate this Agreement by giving written notice of such fact to Buyer and this Agreement shall thereupon terminate without liability by either party to the other and Buyer's earnest money deposit, if any, shall be returned to Buyer by Seller or Escrow Holder, as the case may be.

U. TAX DEFERRED EXCHANGE.

So long as Buyer's not in Default of this Agreement, Seller will reasonably cooperate with Buyer in a tax deferred exchange. Under no circumstances will Seller be obligated to

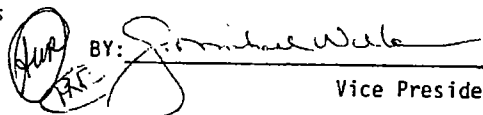
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take title to any other property as a condition of the sale contemplated hereby or of such tax deferred exchange.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the dates set opposite of each of their signatures.

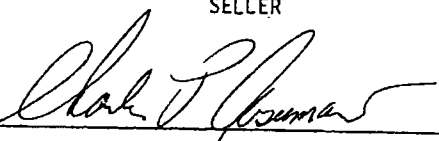
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

Executed at Los Angeles  
this 19 day of  
October 1988.

BY:   
Vice President

SELLER

Executed at Burbank  
this 14 day of  
October, 1988.

BY:   
BY: \_\_\_\_\_

BUYER

Receipt of the foregoing instructions to Escrow Holder is acknowledged, said escrow account is accepted and Escrow Holder agrees to hold and dispose of the funds and documents deposited in said account in accordance with such instructions.

Date: October \_\_\_\_\_, 1988.

By: \_\_\_\_\_

EXHIBIT "A"

## LEGAL DESCRIPTION OF PROPERTY

One West Alameda Avenue and 812 South Flower Street  
Burbank, California

The site is legally described as:

The Southeasterly 1/2 of Block 92 of the Subdivision of the Rancho .  
Providencia and Scott Tract, in the city of Burbank, County of Los  
Angeles, State of California, as per map recorded in Book 43, Page 47  
of Miscellaneous Records, in the office of the County Recorder of said  
County.

The said Southeasterly 1/2 being 1/2 the area of said Block computed to  
the side lines of the adjoining streets as shown on said map.

The Northwesterly boundary line thereof being parallel with the  
Southeasterly line of said Block 92.

EXHIBIT "B"BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS: For and in consideration of the sum of TEN DOLLARS (\$10.00), lawful money of the United States of America, receipt of which is hereby acknowledged, THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a corporation organized under the laws of the State of New Jersey, hereinafter designated as SELLER, does hereby grant, bargain, sell and convey to \_\_\_\_\_

hereinafter designated as BUYER, the following described personal property situated at and used in connection with the real property described in Exhibit "A" attached, to wit:

See Schedule "A" attached hereto and incorporated herein by this reference as though set forth in full at this place.

AND Seller does covenant and agree to warrant and defend the title to such personal property against the just and lawful claims of all persons whomsoever claiming by or through Seller.

IN WITNESS WHEREOF, said corporation has caused its corporate name and seal to be affixed hereto and this instrument to be executed by its Vice President and Assistant Secretary thereunto duly authorized, this \_\_\_\_\_ DAY OF \_\_\_\_\_, 1988.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

BY: \_\_\_\_\_  
Vice President

BY: \_\_\_\_\_  
Assistant Secretary

STATE OF CALIFORNIA        )  
                                  ) SS.  
COUNTY OF LOS ANGELES    )

On \_\_\_\_\_, before me, the undersigned, a  
Notary Public in and for said State, personally appeared \_\_\_\_\_  
\_\_\_\_\_ personally known to me or proved to me on the basis  
of satisfactory evidence to be the person who executed the within in-  
strument as the Assistant Secretary of the Corporation that executed  
the within instrument, and acknowledged to me that such Corporation  
executed the within instrument pursuant to its by-laws or a resolution  
of its board of directors.

WITNESS my hand and Official seal.

I.P. Number \_\_\_\_\_

Escrow Number \_\_\_\_\_

(SEAL) \_\_\_\_\_  
Notary Public in and for said State.

SCHEDULE "A" TO BILL OF SALE  
PERSONAL PROPERTY INCLUDED IN SALE OF  
THAT CERTAIN REAL PROPERTY LOCATED AT:

One West Alameda Avenue & 812 South Flower Street,  
Burbank, California

NONE

Exhibit "A"

LEGAL DESCRIPTION OF REAL PROPERTY

One West Alameda Avenue and 812 South Flower Street  
Burbank, California

The site is legally described as:

The Southeasterly 1/2 of Block 92 of the Subdivision of the Rancho Providencia and Scott Tract, in the city of Burbank, County of Los Angeles, State of California, as per map recorded in Book 43, Page 47 of Miscellaneous Records, in the office of the County Recorder of said County.

The said Southeasterly 1/2 being 1/2 the area of said Block computed to the side lines of the adjoining streets as shown on said map.

The Northwesterly boundary line thereof being parallel with the Southeasterly line of said Block 92.



EXHIBIT "C"

RECORDING REQUESTED BY:

AND WHEN RECORDED, MAIL TO:

ASSIGNMENT AND ASSUMPTION OF LEASE

This Assignment and Assumption of Lease is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 1988, by and between THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation ("Assignor") and ("Assignee") with reference to the following facts:

A. On October \_\_\_\_\_, 1988, Assignor and Assignee executed that certain Agreement of Purchase and Sale and Escrow Instructions ("Agreement") covering the sale by Assignor to Assignee of certain real property with improvements located thereon commonly known as One West Alameda and 812 South Flower Street, Burbank, Ca, the legal description of which is contained in Exhibit "A" attached hereto and incorporated herein by this reference as though set forth in full at this place.

B. There is a space lease which was entered into by Assignor, which lease Assignor wishes to assign to Assignee; Assignee desires to assume the Lessor's obligations under such lease. A description of the lease is attached hereto as Exhibit "B" and incorporated herein by this reference as though set forth in full at this place.

Wherefore, by reason of the foregoing facts, which constitute a part of this Assignment and Assumption of Lease, and in consideration of the mutual promises contained herein and in the Agreement of Purchase and Sale and Escrow Instructions referred to above and for other valuable consideration, Assignor and Assignee hereby agree as follows:

1) Assignor does hereby sell, assign and transfer all of its right, title and interest in and to the Lease, described on Exhibit "B" attached hereto, including its interest in the security deposits and prepaid rents under the lease, to Assignee as of the closing date of the above sale.

2) Assignee agrees to assume the Lessor's obligations under the lease listed on Exhibit "B" attached hereto and to be bound by all of the terms and conditions of the lease therein agreed to be made and performed by the Lessor under such lease as of the closing date of the above sale.

3) This Assignment may be executed in several counterparts each of which shall be deemed to be an original, but collectively will constitute only one such Assignment.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA.

BY: \_\_\_\_\_  
Vice President

BY: \_\_\_\_\_  
Assistant Secretary

"ASSIGNOR"

BY: \_\_\_\_\_

BY: \_\_\_\_\_

"ASSIGNEE"

STATE OF CALIFORNIA        )  
COUNTY OF LOS ANGELES    ) SS.

On \_\_\_\_\_ before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_ personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the Vice President, and \_\_\_\_\_, personally known to me or proven to me on the basis of satisfactory evidence to be the person who executed the within instrument as the Assistant Secretary of the corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature: \_\_\_\_\_

STATE OF CALIFORNIA        )  
COUNTY OF LOS ANGELES    ) SS.

On \_\_\_\_\_, before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_ personally known to me or proven to me on the basis of satisfactory evidence to be the person who executed the within instrument as \_\_\_\_\_ of the partners of the partnership that executed the within instrument, and acknowledged to me that such partnership executed the same.

WITNESS my hand and official seal.

Signature: \_\_\_\_\_

STATE OF CALIFORNIA     )  
                                  ) SS.  
COUNTY OF LOS ANGELES    )

On \_\_\_\_\_, before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me or proven to me on the basis of satisfactory evidence to be the person who executed the within instrument as the Vice President, and \_\_\_\_\_, personally known to me or proven to me on the basis of satisfactory evidence to be the person who executed the within instrument as the Assistant Secretary of the corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature: \_\_\_\_\_

PRISA 415:

ESCROW NUMBER: \_\_\_\_\_

Exhibit "A" to  
Assignment and Assumption of Leases  
Executed by  
The Prudential Insurance Company of America  
And

---

Legal Description of Property

The site is legally described as:

The Southeasterly 1/2 of Block 92 of the Subdivision of the Rancho Providencia and Scott Tract, in the city of Burbank, County of Los Angeles, State of California, as per map recorded in Book 43, Page 47 of Miscellaneous Records, in the office of the County Recorder of said County.

The said Southeasterly 1/2 being 1/2 the area of said Block computed to the side lines of the adjoining streets as shown on said map.

The Northwesterly boundary line thereof being parallel with the Southeasterly line of said Block 92.

Exhibit "B" to  
Assignment and Assumption of Leases  
Executed by  
The Prudential Insurance Company of America  
And

---

Lease Description

Tenant

Term

1. Gleason Corporation  
acquired by Whittaker Corporation

May 1, 1980

## EXHIBIT "D"

ESTOPPEL CERTIFICATE

Charles P. Cusumano,  
or his Successor in Interest  
101 South First Street, Suite 400  
Burbank, California 91582

Re: Lease dated: May 1, 1980

Between: The Prudential Insurance Company of America, Landlord

Whittaker Industries, Ltd., Whittaker Metals Corporation,  
Tenant, as successor in interest to Gleason Corporation.

On Premises located and addressed as:  
One West Alameda and  
812 South Flower Street  
Burbank, California (the "Premises")

Gentlemen:

The undersigned, as Tenant under the subject Lease, knowing that you will rely upon the accuracy of the information set forth herein, hereby certifies as follows:

1. That it has accepted possession and is now in occupancy of the Premises of the subject Lease;
2. That the Lease is presently in full force and effect and there have been no amendments, modifications, alterations or other agreements respecting the Lease except as follows: Original tenant under Lease dated May 1, 1980 was Gleason Corporation; Lease assigned to Tenant January 5, 1982, along with Lease Guarantee by Whittaker Corporation of January 5, 1982; sublease of One West Alameda to Western Studio Service, Inc. on February 23, 1988, and sublease of 812 South Flower Street to Peterson Fire Protection, Inc. on July 1, 1988. The undersigned agrees that it will make no further amendment, modification, alteration or agreement respecting the Lease without your prior written consent.
3. That there are no offsets or credits against rentals, that there are no claims or defenses to enforcement of the Lease, that no ~~rentals have been prepaid, that no periods of free rentals are~~ applicable to the term of the Lease, except as follows: (If none, insert "None")

4. That the term of the Lease is for 15 years. The primary Lease term expires April 30, 1995;
5. (a) That the monthly rental is \$55,943.76 and rent has been paid to \_\_\_\_\_, 1988.  
(b) The undersigned is responsible for all operating expenses and taxes with respect to the Premises during the Lease Term.
6. That the undersigned has paid to Lessor a security deposit of \$ -0- ;
7. That none of the following events have occurred: (a) the filing by or against the undersigned of a petition in bankruptcy, insolvency, reorganization or an action for the appointment of a receiver or trustee; or (b) the making of an assignment for the benefit of creditors;
8. That the undersigned shall not look to you, your successors or assigns for the return or credit of the security deposit or prepaid rent, if any, unless said monies have been transferred to you; and
9. The person(s) executing this Letter is/are duly authroized and empowered in all respects to do so on behalf of the undersigned.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 1988.

WHITTAKER CORPORATION

By: \_\_\_\_\_

By: \_\_\_\_\_



Exhibit "B"LIST OF SERVICE CONTRACTS

NONE

Exhibit "C"

LIST OF WARRANTIES AND GUARANTEES

NONE

**PRISA VALUATION**  
**FOR THE QUARTER ENDED: 9-30-88**

REALTY GROUP OFFICE

LAK60

PROPERTY NUMBER:

PR 4,5

INTEREST APPRAISED:

☒ FEE SIMPLE   ☐ LEASEHOLD   ☐ LEASED FEE:

DATE OF MOST RECENT INDEPENDENT APPRAISAL:

August 1987 (1)

MARKET VALUE ESTIMATE OF THAT APPRAISAL:

\$ 6,350,000

IMMEDIATE PAST QUARTER'S MARKET VALUE ESTIMATE:

\$ 6,350,000

CURRENT QUARTER'S MARKET VALUE ESTIMATE:

\$ 6,700,000 (2)

We are pursuing a sales offer of \$7,000,000. However, acquisition and other estimates we may have to come down to \$6,700,000 as a result of taxes, overhead, and structural issues, once the buyer finishes the due diligence.

BY: Cynthia Arnold (3)

NAME & TITLE  
Branch Manager

DATE: 9-20-88 (4)

- (1) Prior to the initial independent appraisal, property to be carried at cost.
- (2) Indicate percentage change, if any, from previous quarter,  $\pm$  \_\_\_\_ %. If change is a  $\pm 10\%$  or  $\pm \$3,000,000$  and is internally generated, include new appraisal and supporting memorandum. If externally generated, please explain the reason for the change (same parameters) in a separate memorandum.
- (3) Any change in value from previous quarter must be approved or signed by a director level person (#77).
- (4) To be dated on or before the 10th of the final month of the quarter and be received in corporate within three working days.

## DOCUMENT 8

The Prudential Insurance Company of America  
Western Division Office  
Real Estate Investment Department  
Suite 2550, 2049 Century Park East  
Los Angeles, California 90067  
Tel. 213-277-1400

Cynthia S. Goodrich  
Investment Manager  
Real Estate Operations

December 22, 1981

Arnold F. Rebholz  
Vice President, REO  
Real Estate Investment Department  
20 Plaza  
Corporate

RE: PRISA 415 - Gleason Corp. Lease

The enclosed lease proposal recommends approval of an assignment of lease and an associated lease amendment releasing lessee from all future obligations.

PRISA 415 was purchased in May 1981 with Gleason Corporation occupying the entire premises. A subsequent amendment changed the lessee to "Gleason Corporation dba Technibilt Corporation". Technibilt is a wholly owned division of Gleason.

Gleason is now considering a sale of its Technibilt shopping cart division to Whittaker Corporation, a Fortune 500 company with a net worth of \$332,000,000. Since this transaction has not yet been consummated, Gleason has requested strict confidentiality. Part of the sale documents would include an assignment from Gleason to Whittaker (or actually Whittaker Industries, LTD., a division of Whittaker), a Guarantee of Lease by Whittaker, and an amendment to Lease relieving Gleason of all obligation. Technibilt would continue to operate on the premises under its own name. Only the ownership would change.

Recommended.

*Cynthia Goodrich*  
Cynthia Goodrich  
Investment Manager, REO

CG/it

*Mr. Davis,  
I recommend that  
we approve transfer  
of lease obligation from*

*Gleason to Whittaker. The credit  
improves. Whittaker is rated B by S & P.  
Gleason is unrated. When presented to  
committee last year Gleason had a  
net worth of \$25 million vs. Whittaker's  
reported \$332 million. Issue in question*

is modern having CPE adjustment  
every 5 years. Personal option is at market.  
Little improvement to be gained with  
net cost of \$3.64/¢ might be above  
market in today's depressed conditions.

Feb. 12/28/81

The S.A. Council - our committee  
disapprove this transaction with  
exception of substitution of credit  
which parties could work out  
without us.

H

# **PROPERTY LEASE PROPOSAL** Assignment & Lease Modification

Property/Loan No. PRISA 415

Address or Location: One West Alameda Ave  
& 812 Flower Street, Burbank, CA

Remises included in lease 137,300 sf.

Tenant → Gleason Corporation dba Technibilt Corp.  
Assigned to Whittar Industries, Ltd. dba Technibilt Corp.

Use Light manufacturing, office, plating, shipping, warehousing & similar purposes.

Term 5-1-80 to 4-30-95  
plus one 5-yr option at market.

Rental \$41,667/mo (\$3.64/sq/yr.)  
CPI adjustment every 5 years, with 10% cap.

Commission payable to Address \$

Repairs as a condition of this lease \$

**SPECIAL PROVISIONS:** NNN Lease  
Security deposit required only if Lessee's net worth falls below \$10,000,000. Lessor to give 15 days notice to Lessee prior to putting premises on the open market for sale.

→ Gleason Corporation is released from all future obligations on this lease and in their place, Whittar Corporation is guaranteeing the lease.

Lease subject to approval by Law Department as to form.

Note: Arrows indicate Areas of Change From Existing Leases

Approved for submission *James P. McQuinn* Attorney.

|                               |                                 |                                                                                        |                                                     |                                                                               |
|-------------------------------|---------------------------------|----------------------------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------------------------------|
| REAL ESTATE INVESTMENT OFFICE | RECOMMENDED                     | <input type="checkbox"/> AUTHORIZED<br><input checked="" type="checkbox"/> RECOMMENDED | SIGNATURE                                           | CRAIG E HOBSON, V.P. Property MGMT<br>By M.C. Thieser, Inv. Mgr DATE 12-22-81 |
|                               | Western Division Office<br>REID |                                                                                        | TITLE                                               |                                                                               |
| REGIONAL HOME OFFICE          | RECOMMENDED                     | <input type="checkbox"/> AUTHORIZED<br><input type="checkbox"/> RECOMMENDED            | SIGNATURE                                           | DATE                                                                          |
| CORPORATE HOME OFFICE         | RECOMMENDED                     | AUTHORIZED ON<br>12/28/81                                                              | SIGNATURE<br><i>J. M. Quinn</i><br>TITLE<br>VP, REO | DATE<br>12-28-81                                                              |

## **RENTAL AND INCOME DATA (Complete only if income producing property other than farm)**

|                                                                  | NO. UNITS OR SQUARE FEET | ANNUAL RENTAL VALUE | AVG. RENT PER UNIT OR PER SQ. FT. |
|------------------------------------------------------------------|--------------------------|---------------------|-----------------------------------|
| 1. Space rented exclusive of above offer                         |                          |                     |                                   |
| 2. SPACE AND AVERAGE RENT OF ABOVE OFFER                         |                          |                     |                                   |
| 3. Gross annual income, including this lease                     |                          |                     |                                   |
| 4. Remaining vacant space (minimum value)                        |                          |                     |                                   |
| 5. Annual income—100% occupied                                   |                          |                     |                                   |
| 6. Operating expense without this lease                          |                          |                     |                                   |
| 7. Net income without this lease (1 minus 6)                     |                          |                     | *Yield % B. D.                    |
| 8. Operating expense if lease is accepted                        |                          |                     |                                   |
| 9. Net income if lease is accepted (3 minus 8)                   |                          |                     | *Yield % B. D.                    |
| 10. Actual cost (Includes all items chargeable to R. E. Cost) \$ | (without lease) \$       | (with lease)        |                                   |

\*Yield based on item No. 10

## DOCUMENT 9



# REAL ESTATE SALES

REPORTED TO FINANCE COMMITTEE November 22, 1988

Real estate sales authorized under the authority granted by the Finance Committee (§14(f)).  
Consummation of each authorization is subject to the approval of the Law Department.

## SALE OF REAL ESTATE ACQUIRED FOR PRUDENTIAL'S PROPERTY INVESTMENT SEPARATE ACCOUNT

Property Number: PRISA 00 415

Location: Burbank, California

Action Taken: Sold an office/warehouse building for \$7,000,000, all cash, subject to a credit of \$77,000 for asbestos removal.

Rental and Occupancy: The entire property is leased to Technibilt Corporation at a current annual net rental of \$4.90 per square foot under a lease expiring in 1995 with a rental increase in 1990 based on the Consumer Price Index. The property has recently been sublet by the tenant at an annual net rental of \$3.95 per square foot after being vacant for 18 months.

### Operating History and Projected Operations:

| <u>Year</u> | <u>Average<br/>Occupancy</u> | <u>Average Annual<br/>Gross Rental<br/>Per Square Foot</u> | <u>Net Income Before<br/>Capital Expenditures,<br/>Depreciation,<br/>Debt Service,<br/>and Income Taxes</u> | <u>Annual<br/>Return On<br/>Purchaser's<br/>Investment</u> |
|-------------|------------------------------|------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|
| 1991(proj.) | 100%                         | \$5.95                                                     | \$776,000                                                                                                   | 11.10%                                                     |
| 1990(proj.) | 100%                         | 5.60                                                       | 729,000                                                                                                     | 10.40%                                                     |
| 1989(proj.) | 100%                         | 4.90                                                       | 635,000                                                                                                     | 9.10%                                                      |
| 1988(est.)  | 100%                         | 4.90                                                       | 636,000                                                                                                     | -                                                          |
| 1987        | 100%                         | 4.90                                                       | 631,000                                                                                                     | -                                                          |

Based on the initial investment of the purchaser and the estimated net income and change in market value through 1993, the five-year average annual total return to the purchaser is projected to be 9.50%.

Purchaser: Charles Cusumano, or nominee satisfactory to The Prudential.

|                   |                             |                  |
|-------------------|-----------------------------|------------------|
| Analysis of Sale: | Acquisition Cost            | \$5,000,000      |
|                   | Plus: Capital Expenditures  | 27,000           |
|                   | Appreciation                | <u>1,673,000</u> |
|                   | Current Equity Value (9/88) | \$6,700,000      |

REAL ESTATE SALES

REPORTED TO FINANCE COMMITTEE November 22, 1988

Real estate sales authorized under the authority granted by the Finance Committee (§14(f)).  
Consummation of each authorization is subject to the approval of the Law Department.

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- 2 -

|                   |                               |                |
|-------------------|-------------------------------|----------------|
| Analysis of Sale: | Sales Price                   | \$7,000,000    |
| (cont'd)          | Less: Asbestos Removal Credit | 77,000         |
|                   | Sales Expense                 | <u>262,000</u> |
|                   | Net Sales Proceeds            | \$6,661,000    |
|                   | Loss on Current Equity Value  | \$ 39,000      |
|                   | Gain on Investment            | \$1,634,000    |

The present value of selling this property for net proceeds of \$6,661,000 is equal to the present value of continued ownership at a discount rate of 7.90%. This analysis is based upon a comparison of the discounted value of the cash flow to be realized from continued ownership over a ten-year holding period together with estimated net sales proceeds of \$6,062,000 realized from a property sale at the end of that period.

The sale of this investment would provide a yield of 12.80% compared to a yield of 12.00% anticipated at the time of acquisition in 1980.

Quality Rating: "A"

Date Approved: October 24, 1988

ES1a

## DOCUMENT 10

March 8, 1988

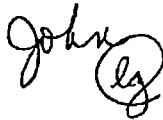
Ms. Paula Kinnison  
Investment Manager  
The Prudential  
Los Angeles Realty Group  
2049 Century Park East  
Suite 2550  
Los Angeles, CA 90067

Re: Los Angeles RGO  
PRISA 415

Dear Paula:

In accordance with your request, the enclosed Sales Data Summary(s) have been approved and will remain effective for 180 days from the date of approval.

Sincerely,



JCH/tig  
Enclosures

cc: Mike Welborn  
Chuck Lightner  
Ellen Blazoski  
Sue Colross

Sales Data SummaryREIO LARGOPreparer P. KinnisonDate 2/8/88Property Name TechnibiltProperty No. PR 415Address One West Alameda StreetINVPROP Ask Price File PR415A& 812 Flower StreetINVPROP Hold Price File PR415HBurbank, CaliforniaYear Acquired 1980Year Built 1948 and 1955Gross Building Area 137,300Net Rentable 137,300Occupied 137,300

Square Feet

Lot Size 4.71 acres or 205,168 sq. ft.Number of Tenants 1Interest Being Sold Fee SimpleDescription of Improvements:

The property consists of a reinforced concrete tilt-up industrial building completed in 1955, containing a total of 120,000 sq. ft., plus a 17,300 sq. ft. brick building completed in 1948. The site contains parking for 100 cars between the two buildings which is less than current code requirements of 1 space per 1,000 industrial sq. ft. There are three recessed dock-high truck doors and three grade level doors in the large building. Ceiling clear height is 17 feet or less in some areas. The roof is of asphalt and rock with a 2-inch tongue and groove deck, supported by fabricated steel trusses. Our most recent roof report calls for new roofs to be put on both buildings in 1987. The gas-fired boiler which provided heating was recently removed. Functionally obsolete evaporative coolers, which are roof-mounted, serve as the air-conditioning system. There is a 480-volt, three-phase electrical system, with a 6,000 amp capacity. The smaller brick building is approximately 50% office area while the larger building has 6,000 sq. ft. of office space. The property is generally run-down, obsolete, and in very poor condition.

Major Leases (current year)

| <u>Sq.Ft.</u> | <u>Tenant</u>                  | <u>Base Rent</u> | <u>Escalations</u>                                                  | <u>Recoveries</u> | <u>Terminations</u> | <u>Options</u>                                          |
|---------------|--------------------------------|------------------|---------------------------------------------------------------------|-------------------|---------------------|---------------------------------------------------------|
| 137,300       | Whittaker Corp. dba Technibilt | \$671,325        | \$856,800 from 5/1/90 to 4/30/95<br><i>4/30/95<br/>7.5% monthly</i> | NNN               | 4/30/95             | 1-5 year option at market with at least 9 months notice |

Lease roll over to Market Schedule (Sq. Ft.):

19 95 137,300

Financing Terms: Rate N/A  
Original Amount N/A  
Commencement Date N/A  
Monthly Payment N/A

Term N/A  
Balance N/A  
Assumable N/A  
Maturity Date N/A

| Revenue and Expenditures:        | Last Year Actual 1987 | Current Year Estimate 1988 |
|----------------------------------|-----------------------|----------------------------|
| Revenue Rent                     | \$671,325             | \$671,328                  |
| Interest Income                  | 2,149                 | 2,388                      |
| Cleaning                         |                       |                            |
| Utilities                        |                       |                            |
| General Operating                |                       |                            |
| Repairs & Maint.                 |                       |                            |
| Administrative                   | (43,251)*             | (16,506)                   |
| Common Area                      |                       |                            |
| Insurance                        | (19,217)              | (19,217)                   |
| Real Estate Taxes                |                       |                            |
| Other Tax                        |                       |                            |
| Operating Profit (Accrual Basis) | \$611,006             | \$637,993                  |
| Accrual Adjustments Cash         |                       |                            |
| Net Operating Profit             | \$611,006             | \$637,993                  |
| Capital Expenditures             | (3,958)               | (12,175)                   |
| Cash Flow                        | \$607,048             | \$625,818                  |
| Interest                         |                       |                            |
| Amortization                     |                       |                            |
| Net Cash Flow                    | \$607,048             | \$625,818                  |

Appraised Value \$6,350,000 as of 12/10/87 Book Value \$4,020,580 as of 2/9/88  
(Attach 16444)

Other Information: Tenant has moved its operations to Missouri and has been trying to sublease the space for 1 1/2 years. Since the 1950's, the tenant has operated an acid plating process in the warehouse. Most of the toxic waste at the site has recently been cleaned up by the tenant. There is asbestos in the offices and roofs.

Asking Price: ~~\$7,000,000~~ \$7,500,000 Hold Value: \$5,134,000  
(36 % above the Hold Value) (Before Sale Expenses)

Before Tax Value \$6,482,300 \$4,933,660 After Tax Value N/A N/A  
(Sale) (Hold) (Sale) (Hold)

Please attach floor plans, site plan and pictures if available.

Recommended Shirley Wells 2/10/88 John C. Hoffman 3/8/88  
(G.M. or R.V.P., REIO) (Date) Approval (Date)

cc: Division VP's, Acquisitions and Property Management

For Additional Information call: Paula C. Kinnison (213) 284-2690

Name

Telephone No.

\*Due to payment of legal and consulting fees related to toxic waste clean-up.

Memorandum to: John L. Hoffman  
Vice President

Recommended Purchase Price: \$7,000,000  
Location:  
Orange, California

Property consists of two industrial buildings containing 157,300 rentable square feet. One building containing 12,300 square feet was built in 1968, 130 years old, and the other containing 145,000 square feet was built in 1968, 130 years old. The buildings are well-maintained and in excellent condition.

The tenant, Technical Corp., was purchased by Macdonald Corp. a few years ago. This latter is a Fortune 500 Company. The property is well-maintained and the tenant has been trying to build for the past several months. The lease is for a fifteen year term expiring in 1990. Current rent is \$11.323 monthly (\$1.1323 per square foot monthly) and increases to an estimated \$13.323 monthly (\$1.3323 per square foot monthly) on 3/1/90 for the last five years of the lease term. The estimated annual rent is based on a 10% increase for the previous five years of the current rental. For this space is estimated to be \$1.323 per square foot monthly.

The property was used as a warehouse and storage center and for a chrome plating pit. The property has a considerable toxic waste problem and the tenant has been conducting this for the past several months. Removal of this waste and other materials, and closing of the chrome plating pit, is required. The tenant has been working on this and this work should be started soon. In addition, the buildings contain some asbestos materials in the office ceiling tiles, and other materials, and needs which are working with the tenant to have asbestos removed from the building.

The area is beginning to experience redevelopment activity with the city of Orange. The current land value is estimated to be \$20 a square foot. The site contains 157,300 sq. ft. or 200,156 square feet. Current land value is around \$4,103,000. Our site is well located at an access to the Golden State Freeway (Interstate 5).

The latest outside appraisal is of 5/87 is \$6,500,000. The 12/87 outside appraisal has unchanged.

The field office recommends an ask price of \$7,000,000. In reviewing the submission, I would hold this property for a long time and at the end of the lease term in 1990 based on the high returns generated by the above market rents under the existing lease for the next seven years. Based on an ask price of \$7,000,000 the current return to an investor would

Based on the 1991 census, the value of the property based on our current value of \$1,000,000 and the 1991 census is 10.08% increase to \$1,100,800. Based on the 1991 census, the value of the property is \$1,100,800.

Portfolio Management needs this property in its second quarter.

Gary O'Connell  
3/3/88

TO: File:

3/5/88

After discussion with Mike Uellon we will test the market at an ask price of \$7,500,000. We will not take less than \$7,000,000 for the property & are prepared to hold if the property does not trade in that area.



# PROPERTY INVESTMENT UNDERWRITING REVIEW -- PRELIMINARY

## 1. PROPERTY:

NAME: Techniburst  
LOCATION: Burbank, California  
METRO AREA: Los Angeles  
BLDG TYPE: Warehouse

PROPERTY NUMBER: PR-415  
DATE OF PROPOSAL: 2/19/83  
YEAR BUILT: 1948 & 1955  
NO. OF TENANTS: 1  
OCCUPANCY: 2/1/88 0 sq. ft.  
LEASED: 2/1/88 137,300 sq. ft.

## 2. LEASES:

| DATE   | TERM    | MONTHLY   | ESCAL.    | SEC'D | LEASE       | OPTION |
|--------|---------|-----------|-----------|-------|-------------|--------|
| 5/1/80 | 4/30/95 | \$671,325 | \$856,800 | 10%   | 15 yr 2 + 1 |        |

SQ. FOOTAGE: Bldg. 137,300 sq ft  
Land 205,163 sq ft

TOT. INV. // \$0  
Br. VALUE // \$0

BUDGET: 1988  
CASH FLOW: \$637,993  
Cap. Exp.: \$12,175  
NET CASH FLOW: \$625,818

DESCRIPTION: The property consists of a reinforced concrete tilt-up industrial building completed in 1955, containing a total of 173,000 s.f. plus a 17,300 s.f. brick building completed in 1948. The site contains parking for 100 cars between the two buildings which is less than current code requirements of 1 space per 1,000 industrial s.f. There are 3 recessed dock-high front doors and 3 grade level doors in the larger building. Ceiling clear height is 17 feet or less in some areas. The gas-fired boiler which provided heating was recently removed. Functionally obsolete evaporative coolers, which are roof-mounted, serve as the air-conditioning system. There is a 480-volt, 3-phase electrical system, with a 6,000 amp capacity. The smaller brick building is approximately 50% office area while the larger building has 20,000 s.f. of office space. The property is generally run-down, obsolete, and in poor condition.

INTEREST BEING SOLD:  
100% for Simple Interest

## 3. FINANCING:

LENDER: In Financing  
PRINCIPAL OUTSTANDING: \$0 as of 1/1/83  
Maturity: 1993  
TERM: 0 years  
RATE: 0.00%  
CURRENT CONSTANT: EAR  
TWO-YEAR RATE: 0%  
PREPAYMENT: YES/NO  
BALANCE: AMOUNT & DATE

## 4. DEPRECIATION SCHEDULE

| Year | S.F.    | % OF BLDG | Cost    |
|------|---------|-----------|---------|
| 1987 |         | 0.00%     |         |
| 1988 | 0       | 0.00%     | 0.00%   |
| 1989 | 0       | 0.00%     | 0.00%   |
| 1990 | 0       | 0.00%     | 0.00%   |
| 1991 | 0       | 0.00%     | 0.00%   |
| 1992 | 0       | 0.00%     | 0.00%   |
| 1993 | 0       | 0.00%     | 0.00%   |
| 1994 | 0       | 0.00%     | 0.00%   |
| 1995 | 137,300 | 100.00%   | 100.00% |
| 1996 | 0       | 0.00%     | 100.00% |
| 1997 | 0       | 0.00%     | 100.00% |
| 1998 | 0       | 0.00%     | 100.00% |

## 2 MARKET INFORMATION:

|                                                          |                    |         |                  |            |     |
|----------------------------------------------------------|--------------------|---------|------------------|------------|-----|
| TOTAL MARKET: East San Fernando Valley Industrial Market |                    |         | SUB MARKET:      |            |     |
| SIZE IN S.F.:                                            | 44,910,000         |         | SIZE IN S.F.:    | 0          |     |
| S.F. PERCENT:                                            | 2,850,000 PERCENT: | 3.6%    | S.F. PERCENT:    | 0 PERCENT: | ERR |
| UNDER CONSTR.:                                           | 521,000 PERCENT:   | 1.2%    | UNDER CONSTR.:   | 0 PERCENT: | ERR |
| ABSORPTION 1987:                                         | 3,125,000 PERCENT: | 144.10% | ABSORPTION 1986: | 0 PERCENT: | ERR |
| AVG 5 YEARS:                                             | 3,125,000          |         | AVG 5 YEARS:     | 0          |     |
| YRS SUPPLY ON B:                                         | 0.7                |         | YRS SUPPLY ON B: | ERR        |     |
| YRS SUPPLY ON A:                                         | 0.7                |         | YRS SUPPLY ON A: | ERR        |     |

## SALES COMPARABLES:

LAST VALUE RISE: \$20.00 per sq. ft. "comparable" land sale, occurred 12/87  
 PROP. VALUE RISE: \$51.13 per sq. ft. \$72.69 PER SQUARE FOOT.  
 The \$51.13 per sq. ft. occurred 12/87, similar quality building

## MARKET RENTS (PSF):

|            |        |           |                                                        |
|------------|--------|-----------|--------------------------------------------------------|
|            | RENT   | EXP. STOP |                                                        |
| HIGH:      | \$0.45 | 1/1       | Market rent range for subject property, due to         |
| LOW:       | \$0.31 | 1/1       | age and condition is \$0.30-\$0.32 per sq. ft. Current |
|            |        |           | proposed sublease is at \$0.32 per sq. ft.             |
| AS% ADJUL: | \$0.35 |           |                                                        |

TRP. LEASE TERM: 60 months

9/30/87 Outside Appraised Value of \$6,350,000

3) APPRAISED 12/31/87 \$6,350,000 \$45.25 per sq. ft.

|                    |       |                  |          |
|--------------------|-------|------------------|----------|
| Cap Rate:          | 7.50% | Net Inc. BD      | \$60,000 |
| Estimated Vacancy: | 5%    | Current Vacancy: | 0%       |

# HISTORICAL Portfolio

| Year | Yield % | Projected 100% |        | Annual Return | Market Value | Monthly Cash Flow |
|------|---------|----------------|--------|---------------|--------------|-------------------|
|      |         | CF             | Return |               |              |                   |
| 1980 | 55.0%   | \$3,115        | 6.66%  | \$333,153     | 6.66%        | ERR               |
| 1981 | 51.0%   | \$3,98,848     | 9.93%  | \$498,848     | 9.93%        | ERR               |
| 1982 | 50.0%   | \$498,448      | 9.97%  | \$498,448     | 9.97%        | ERR               |
| 1983 | 50.0%   | \$490,782      | 9.82%  | \$490,782     | 9.82%        | ERR               |
| 1984 | 50.0%   | \$492,332      | 9.85%  | \$492,332     | 9.85%        | ERR               |
| 1985 | 50.0%   | \$499,772      | 12.02% | \$499,772     | 12.02%       | ERR               |
| 1986 | 50.0%   | \$499,187      | 12.62% | \$499,187     | 12.62%       | ERR               |
| 1987 | 50.0%   | \$499,498      | 12.22% | \$499,498     | 12.22%       | ERR               |
| 1988 | 50.0%   | \$0            | 0.00%  | \$0           | 0.00%        | ERR               |
| 1989 | 50.0%   | \$0            | 0.00%  | \$0           | 0.00%        | ERR               |
| 1990 | 50.0%   | \$0            | 0.00%  | \$0           | 0.00%        | ERR               |
| 1991 | 50.0%   | \$0            | 0.00%  | \$0           | 0.00%        | ERR               |
| 1992 | 50.0%   | \$0            | 0.00%  | \$0           | 0.00%        | ERR               |
| 1993 | 50.0%   | \$0            | 0.00%  | \$0           | 0.00%        | ERR               |
| 1994 | 50.0%   | \$0            | 0.00%  | \$0           | 0.00%        | ERR               |
| 1995 | 50.0%   | \$0            | 0.00%  | \$0           | 0.00%        | ERR               |

## ANALYSIS:

### ANALYSIS:

#### ANALYSIS:

##### Growth:

##### Income:

##### Expenses:

##### P.E. Ratio:

##### Capital:

##### Debt:

##### 1980

##### 1989

##### 1990

##### W/B

##### Capital:

##### Income:

##### Expenses:

##### P.E. Ratio:

##### Capital:

##### Debt:

##### 1980

##### 1989

##### 1990

##### W/B

##### Capital:

##### Income:

##### Expenses:

##### P.E. Ratio:

##### Capital:

##### Debt:

##### 1980

##### 1989

##### 1990

##### W/B

##### Capital:

##### Income:

##### Expenses:

##### P.E. Ratio:

##### Capital:

##### Debt:

##### 1980

##### 1989

##### 1990

##### W/B

##### Capital:

##### Income:

##### Expenses:

##### P.E. Ratio:

##### Capital:

##### Debt:

##### 1980

##### 1989

##### 1990

##### W/B

##### Capital:

##### Income:

##### Expenses:

##### P.E. Ratio:

##### Capital:

##### Debt:

##### 1980

##### 1989

##### 1990

##### W/B

##### Capital:

##### Income:

##### Expenses:

##### P.E. Ratio:

##### Capital:

##### Debt:

##### 1980

##### 1989

##### 1990

##### W/B

##### Capital:

##### Income:

##### Expenses:

##### P.E. Ratio:

##### Capital:

##### Debt:

##### 1980

##### 1989

##### 1990

##### W/B

##### Capital:

##### Income:

##### Expenses:

##### P.E. Ratio:

##### Capital:

##### Debt:

##### 1980

##### 1989

##### 1990

##### W/B

##### Capital:

##### Income:

##### Expenses:

##### P.E. Ratio:

##### Capital:

##### Debt:

##### 1980

##### 1989

##### 1990

##### W/B

##### Capital:

##### Income:

##### Expenses:

##### P.E. Ratio:

##### Capital:

## BEFORE TAX AS

|       |             |
|-------|-------------|
| 12.5% | \$6,070,162 |
| 12.0% | \$6,259,191 |
| 11.5% | \$6,456,236 |
| 11.0% | \$6,661,840 |
| 10.5% | \$6,875,969 |
| 10.0% | \$7,099,953 |
| 9.5%  | \$7,333,650 |
| 9.0%  | \$7,577,149 |
| 8.5%  | \$7,830,212 |
| 8.0%  | \$8,092,191 |
| 7.5%  | \$8,363,143 |
| 7.0%  | \$8,643,237 |

Point of indifference is 11.42% on estimated net sales proceeds of \$6,191,350.

Returns to Investor @ Price of \$7,000,000

|                | 1988        | 1989        | 1990      | 1991      | 1992       |
|----------------|-------------|-------------|-----------|-----------|------------|
| UNLESS INCORP  | \$6,132,325 | \$6,132,325 | \$794,975 | \$956,800 | \$1050,800 |
| UNLESS FLUX    | \$640,233   | \$634,192   | \$755,014 | \$814,894 | \$814,834  |
| CAPITAL EXP    | \$0         | \$0         | \$0       | \$0       | \$0        |
| ROI BEFORE CAP | 9.15%       | 9.06%       | 10.79%    | 11.54%    | 11.63%     |
| ROI AFTER CAP  | 9.15%       | 9.06%       | 10.79%    | 11.54%    | 11.63%     |

*Return based on offering*

61 RELATIVITY INDEX (before capital) 1988

Appraisal NIBD \$601,875

State Summary 1988 \$0

APPRAISAL PRICE \$640,233

RELATIVITY Budget \$677,993

10.05% 9.99% 11.44% 12.83%

|                 | 1988        | 1989    | 1990    | 1991 | 1992 |
|-----------------|-------------|---------|---------|------|------|
| ASK             | \$7,000,000 | \$50,98 |         |      |      |
| APPRAISAL       | \$6,350,000 | \$46.25 |         |      |      |
| BEFORE TAX HOLD | \$6,133,961 | 11.03%  | \$78.52 |      |      |
| BEFORE TAX HOLD | \$6,133,961 | 11.03%  | \$78.52 |      |      |

## BEFORE TAX HOLD

|       |             |
|-------|-------------|
| 12.5% | \$6,731,538 |
| 12.0% | \$6,920,567 |
| 11.5% | \$7,114,474 |
| 11.0% | \$7,313,961 |
| 10.5% | \$7,518,891 |
| 10.0% | \$7,729,091 |
| 9.5%  | \$7,944,422 |
| 9.0%  | \$8,164,441 |
| 8.5%  | \$8,389,148 |
| 8.0%  | \$8,618,463 |
| 7.5%  | \$8,852,143 |
| 7.0%  | \$9,090,231 |
| 6.5%  | \$9,332,094 |

Point of indifference is 8.97% on estimated net sales proceeds of \$6,491,050.

Returns to Investor @ Price of \$7,000,000

|                | 1988        | 1989        | 1990      | 1991      | 1992       |
|----------------|-------------|-------------|-----------|-----------|------------|
| UNLESS INCORP  | \$6,132,325 | \$6,132,325 | \$794,975 | \$956,800 | \$1050,800 |
| UNLESS FLUX    | \$640,233   | \$634,192   | \$755,014 | \$814,894 | \$814,834  |
| CAPITAL EXP    | \$0         | \$0         | \$0       | \$0       | \$0        |
| ROI BEFORE CAP | 9.15%       | 9.06%       | 10.79%    | 11.54%    | 11.63%     |
| ROI AFTER CAP  | 9.15%       | 9.06%       | 10.79%    | 11.54%    | 11.63%     |

|                 | 1988        | 1989    | 1990    | 1991 | 1992 |
|-----------------|-------------|---------|---------|------|------|
| ASK             | \$7,000,000 | \$50.98 |         |      |      |
| APPRAISAL       | \$6,350,000 | \$46.25 |         |      |      |
| BEFORE TAX HOLD | \$6,133,961 | 11.03%  | \$78.52 |      |      |
| BEFORE TAX HOLD | \$6,133,961 | 11.03%  | \$78.52 |      |      |

B) RA'ing  
POTENTIAL  
ALL: 5 balls

20040115  
20040115

Y: FROTER: Grubb & Ellis  
COMMISSION: 3.50% \$236,250 Commission based on \$1 million AS less \$250,000 net credit

Reviewed By: Ellen M. Blazowski  
Date: 25-Feb-88

Contact: Paula Kinnison  
Phone:  
Office: Los Angeles

GEORGE C. PETERSON  
V.P., ACQUISITION & FINES

*George Peterson*

CREDIT RATING:

GEORGE PETERSON: \_\_\_\_\_

ELLEN BLAZOWSKI: \_\_\_\_\_

COMMENTS:

ELLEN M. BLAZOWSKI  
INVESTMENT MANAGER

*Ellen*

JOHN C. HOFFMAN  
VICE PRESIDENT

\_\_\_\_\_

February 18, 1988

FEDERAL EXPRESS

Mr. John C. Hoffman, Vice President  
The Prudential Realty Group  
4 Prudential Plaza  
Newark, New Jersey 07101

Prudential Realty Group

John C. Hoffman

REC'D FEB 19 1988

Re: PR 415, Technibilt  
Burbank, California

*Land value 205,168 X 205.1 = 4,103,360*

Dear John:

Enclosed please find the pricing submission for the above-referenced property. This property consists of one 120,000 square foot concrete tilt-up warehouse and a 17,300 square foot building which is half office and half warehouse. Both of the buildings are over 30 years in age and show their age. Neither building is currently occupied, although the tenant, Whittaker Corporation (a Fortune 500 company), continues to pay rent. Whittaker's rent is currently above market and they are in the process of delivering a sublease proposal (see "Comparables" section for terms of sublease) to cover the remainder of their lease term to a storage company.

*Whittaker is parent company*

The site was used by Technibilt to build and repair shopping carts. The property had a large toxic waste problem when we first started working on it 1 1/2 years ago. The tenant, in attempting to sublease the property, has removed the underground tanks and clarifiers and cleaned the chrome plating pit. There is still a compressor pad area where the soil remains to be cleaned and that work should start soon. In addition, the office areas have asbestos in the ceiling tiles and pipe insulations and elbows and the roofs have asbestos. The Property Company is currently working with the tenant to get this asbestos removed. Whittaker has said that they will remove the asbestos soon.

We propose an asking price of \$7,000,000 (\$51 per rentable square foot). This represents a capitalization rate of 9.15% on 1988 net operating income. This ask price reflects the age of the property, the physical problems associated with it, and the above-market lease which should step-down to market in 1995. Our hold value is \$5,134,900.

The proposed ask price is \$650,000 above the current appraised value. It should be noted that the appraisal uses very aggressive assumptions by using the current rental rate, which is above market, as the market rental rate. In addition, the appraisal's residual is based on the Whittaker lease and does not take into account the drop in rent that will most likely occur after the lease expires. The appraisal does not include the cost of roof replacement or parking lot expansion which The Property Company says will be Prudential's responsibility.

A marketing plan as well as a complete set of notes and assumptions is attached. We look forward to hearing from you soon.

Sincerely,

A handwritten signature in dark ink, appearing to read "Paula C. Kinnison", with a long, sweeping horizontal line extending to the right.

Paula C. Kinnison

Enclosures

cc: J. Michael Welborn, Vice President, Acquisitions & Sales  
Elly K. Wei, Director, Acquisitions & Sales

## DOCUMENT 11



## PR 415 - TECHNIBILT, BURBANK, CALIFORNIA

### Marketing Plan

#### Positive Aspects

The property's strong points are the following:

1. Location - Technibilt is strategically located right at the Alameda Avenue offramp of the Golden State Freeway (I-5), the major north-south interstate in California. This site is in a central location in Los Angeles County and is convenient for access to all areas of Southern California.
2. Redevelopment potential - The Burbank area is experiencing much redevelopment activity. The site across the street was recently torn down and a public storage building was placed on it. In December, 1987 the site directly east of the property was bought by a developer who plans to tear down the warehouse which was built in 1920 and rebuild. Over the past one and a half years, we have experienced interest from many developers who would like to convert the building into a multi-tenant site. One of the reasons this is viable is because the concrete tilt-up building covers a large portion of the lot, more than would be allowed under current zoning regulations.
3. Good credit tenant - The Whittaker Corporation, a Fortune 500 company, is a parent company of Technibilt and continues to pay rent even though they have not occupied the property for two years or more. They have also conducted and paid for most of the toxic waste clean-up thus far.

#### Negative Aspects

There are several areas that would be of concern to a purchaser of this property:

1. Above market lease - The lease with Technibilt is currently at \$0.41 psfpm which is above the current market for that size and grade of space of \$0.30 to \$0.32 psfpm. The rent is due to increase by the CPI in 1990 for the period 1985 to 1990 which should further increase the rent to \$0.49 psfpm. This could lead to a situation where Whittaker tries to renegotiate their lease. Whittaker is currently in the process of presenting a sublease proposal to a storage company at \$0.32 psfpm. In any event, by the time the lease expires in 1995, the rent will most likely be stepping down to market, rather than stepping up.
2. Toxic waste and asbestos - The property was used as the site for chroming shopping carts since it was built over 30 years ago. Our toxic waste consultant found much contaminated soil under the chroming pit and under the underground tanks and clarifiers. Whittaker has cleaned up and closed the chroming pit, clarifiers, and underground tanks but Whittaker still has work to be done.

near the old compressor pad. We still do not know the extent of the soil problem in that area. In addition, there is asbestos in the ceiling tiles and piping insulation and elbows in the One West Alameda offices and on the parapet walls on the roofs. The Property Company is working with Whittaker to remove the asbestos, but no work has been started yet.

3. Age and Physical Characteristics - The One West Alameda building was built in 1955 and is showing its age (see pictures enclosed). The clear height is very low in the warehouse, the offices will have to be completely redone, most of the truck doors are inoperable and access to the two dock high doors is very difficult for large trucks to maneuver. Significant work would need to be done to make this building competitive in the market. The 812 S. Flower Street building was built in 1948 and is also in bad shape. It has a barrel roof, brick walls, and the warehouse space is functionally obsolete. It has no truck doors at all. The office space, however, is newer and is in significantly better shape than the other building's office space.

4. Parking - There are currently only 100 parking spaces which is well under current code requirements of 1 space per 1,000 rentable square feet. Most tenants would require much more parking.

5. Sublease - Whittaker is currently in the process of delivering a proposal to sublease the entire site to a storage company. This would remove the possibility of a developer approaching Whittaker and offering to have them buy their way out of their lease in order to get underway on the redevelopment sooner. In fact, Whittaker had approached us last year offering \$784,000 to terminate their lease. We valued the lease at \$2,000,000, at which price Whittaker, however, was unwilling to strike a deal.

#### Pricing Strategy

*with 5/8 growth*  
The ask price analysis assumes that Whittaker will continue to make their above-market lease payments throughout the life of their lease which expires in May, 1995. At that point in time, a 6 month vacancy period is assumed to occur during which time the buildings would be upgraded. A new tenant would come in at \$0.32 per sq. ft., the higher end of the current market for that vintage property. The ask price is \$7,000,000 or \$51 per rentable square foot. This represents a 9.15% current return on 1988 net operating income, reflecting the step-down nature of the lease. The residual cap rate used in this analysis optimistically reflects the current rate of return and is 9.5%.

The current returns based on the ask price are:

|      |       |
|------|-------|
| 1988 | 9.15% |
| 1989 | 9.08  |
| 1990 | 10.79 |

|      |       |
|------|-------|
| 1991 | 11.64 |
| 1992 | 11.63 |
| 1993 | 11.61 |
| 1994 | 10.58 |
| 1995 | 0.33  |
| 1996 | 9.84  |
| 1997 | 9.92  |

The hold value analysis assumes that at the end of the lease term a 12 month vacancy period is assumed during which time the smaller building would be torn down and converted to a parking lot and the remaining building would be upgraded. A new tenant would come in a \$0.50 psfpm, the lower end of the current market for the building. The hold value is \$5,134,000. The residual cap rate used in the hold value is more conservative and is 11.0%. The spread between the hold value and ask price is due to the very poor physical condition and age of the buildings.

#### Sales Plan

We propose presenting the property to investors, developers, and users in the market. We plan to retain exclusive brokers familiar with the East San Fernando Valley industrial market to assist us in the marketing effort. We have interviewed brokers from the firms of Grubb & Ellis (who are currently doing the subleasing on the property for Whitaker) and Coldwell Banker. We propose hiring Grubb & Ellis and paying a commission structure of 3.5% based on the difficulty of the sale and the high probability that they will have to cooperate with an outside broker to find the special buyer who will be willing to pay Prudential a high price for the property.

EAST SAN FERNANDO VALLEY INDUSTRIAL MARKET OVERVIEW  
02/10/87

EXISTING SQUARE FEET: 42,914,000  
 VACANT SQUARE FEET: 2,850,000  
 VACANCY PERCENT: 6.6%  
 NEW CONSTRUCTION 1988: 521,000  
 NEW CONSTRUCTION 1987: 1,226,000  
 ABSORPTION 1987: 4,124,000 (TYPICAL ANNUAL ABSORPTION)  
 RISE/FEB LEASE RATES: 30.30 - 30.65 PSFPM

SOURCE: GRUBB & ELLIS RESEARCH SERVICES GROUP

SALES COMPARABLES  
 SAN FERNANDO VALLEY INDUSTRIAL MARKET  
 02/09/88

| NAME    | CITY            | DATE  | BLDG SQ FT | SALES PRICE | CAP RATE | \$/SF   | YEAR BUILT     | PARKING | COMPARABILITY TO SUBJECT |
|---------|-----------------|-------|------------|-------------|----------|---------|----------------|---------|--------------------------|
| FISHER  | CHATS-<br>WORTH | 09/87 | 124,500    | \$9,950,000 | 8.55%    | \$72.69 | NEW<br>(REHAB) | 2:1000  | BETTER                   |
| MENASCO | BURBANK         | 12/87 | 101,700    | \$5,200,000 | N/A      | \$51.13 | 1920           | N/A     | SAME                     |

LAND COMPARABLES  
 EAST SAN FERNANDO VALLEY INDUSTRIAL MARKET  
 02/09/88

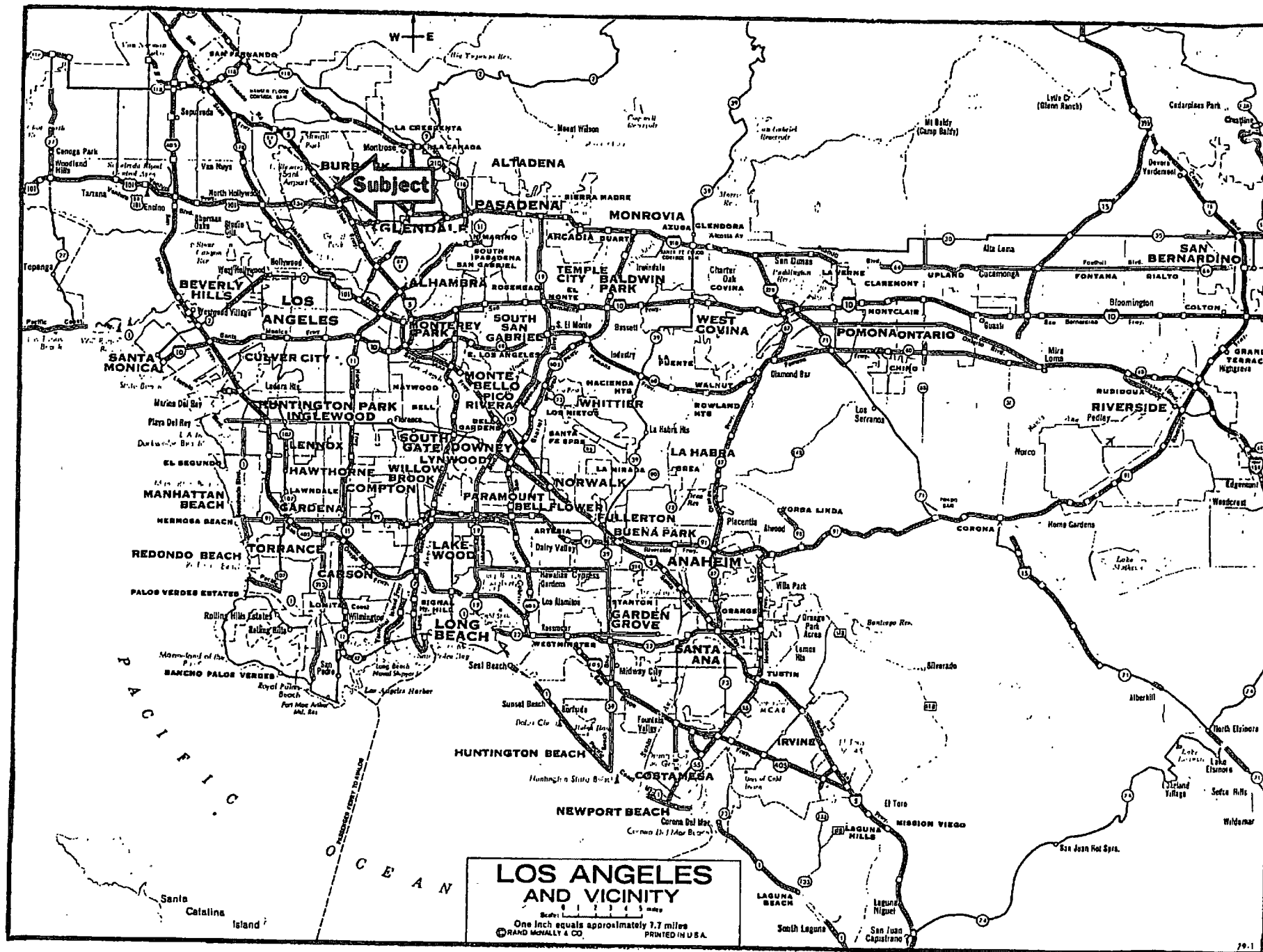
| NAME            | CITY              | DATE  | SQUARE FEET | SALES PRICE | \$/SF   | COMPARABILITY TO SUBJECT |
|-----------------|-------------------|-------|-------------|-------------|---------|--------------------------|
| SINGER          | GLENDALE          | 01/86 | 71,429      | \$1,000,000 | \$14.00 | WORSE                    |
| SE AIR-<br>PORT | SAN FER-<br>NANDO | 09/86 | N/A         | N/A         | \$10.00 | WORSE                    |
| MENASCO         | BURBANK           | 12/87 | 260,000     | \$5,200,000 | \$20.00 | SAME                     |

LEASE COMPARABLES

EAST SAN FERNANDO VALLEY INDUSTRIAL MARKET

02/09/88

| NAME                          | CITY                     | DATE     | BLDG SQ FT | RENTAL RATE   | LENGTH  | EXPENSES          | TIS        | FREE RENT | COMMENTS                                                        |
|-------------------------------|--------------------------|----------|------------|---------------|---------|-------------------|------------|-----------|-----------------------------------------------------------------|
| SANDY'S<br>FAST &<br>FRESH    | BURBANK                  | 07/31/87 | 137,300    | \$0.306 PSFPM | 3 YEARS | IN<br>(NOT TAXES) | 0          | 6 MONTHS  | SUBLEASE OF TECHNICALLY<br>SUBJECT PROPERTY                     |
| DISNEY                        | GLENDALE                 | 08/01/87 | 75,700     | \$0.42 PSFPM  | 5 YEARS | OWN               | 0          | 0         | TENANT PUTTING IN \$3.5 MM TIS (PR 770)<br>BETTER THAN SUBJECT  |
| WESTERN<br>STUDIO<br>SERVICES | GLENDALE                 | 07/13/87 | 41,000     | \$0.39 PSFPM  | 7 YEARS | OWN               | N/A        | N/A       | GRAND CENTRAL (PR 770)<br>BETTER THAN SUBJECT                   |
|                               | CALIF-<br>HANSO          | 12/11/87 | 132,000    | \$0.44 PSFPM  |         |                   | \$1.50 PSF | 6 MONTHS  | NEW WAREHOUSE<br>BETTER THAN SUBJECT                            |
| ABC<br>VEP                    | CORTEX<br>HOLLY-<br>WOOD | 01/01/87 | 135,000    | \$0.45 PSFPM  | 5 YEARS | OWN               | 0          | 1 MONTHS  | PROXY SAYS WILL PROBABLY RENT FOR \$0.42<br>BETTER THAN SUBJECT |
| UP/DIS-<br>CLOSED             | BURBANK                  | PROPOSAL | 137,300    | \$0.32 PSFPM  | 3 YEARS | OWN               | 0          | 6 MONTHS  | SUBLEASE OF TECHNICALLY<br>SUBJECT PROPERTY                     |





# FOR LEASE

136,876 SQUARE FEET



One West Alameda Street & 812 South Flower Street, Burbank, Ca. 91502

Excellent Golden State Freeway Access at Alameda  
Concrete Tilt-Up, Sprinklered, Dock High  
Ground Level Loading, Heavy Power

IMMEDIATELY AVAILABLE

BELOW MARKET RATE AND TERMS

LEASE RENTAL: \$ 52,013 mo. Gross 38 % Net 38 % Possession Immediate  
Tax \$ 56,558 Yr. 85-86 Term Sublease until April 30, 1995

Bldg. ☒ 136,876 Dim. Irreg. Power 2000 A 480 v 3 ☒  
Land ☒ 4.71 Ac Dim. Irreg. Rail None Heat Space Cooling Evap. Cooling  
Const. CTU Roof Inv. Steel Trk. Hi Drs. 3 Recessed Docks Dock Re- Well -  
Partial Ord. Haz. \*Min. Clr. Hgt. 15'6"-17' Grd. Lev. Drs. 2(12 x 12) 1(10 x 12) 1(8 x 6) cessed  
Sprkd. No Skits. No Yr. Bldg. 1953/56 \*20,000 sq.ft. bldg. not sprinklered Toilets: M 2 W 2  
Foil. No Pkg. 100 Fenced Yes OFFICE DATA  
Thomas Bk. Pg. No. 24-E1 Zone BUM2 Ofc. ☒ 10,800 No. None Mezz. ☒ Toilets: M 1 W 1  
Key Open A/C Cent. Heat Cent.

LISTED BY Warren H. Waite, Jr. Phone (213) 627-1214 Area SFV Listing # B-20411-860214  
David A. Drummond

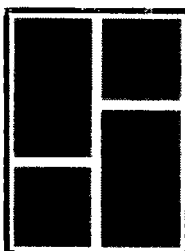
THIS IS AN EXCLUSIVE LISTING OF "THE INDUSTRIAL MULTIPLE" AND IS SUBJECT TO ALL ITS RULES AND REGULATIONS.  
This information has been furnished from sources which we deem reliable, but for which we assume no liability. The information contained herein is given, in confidence, with the understanding that all negotiations pertaining to this property be handled through the submitting office. All measurements are approximate.  
© American Industrial Real Estate Association



Twelve Individual Memberships  
Society of Industrial Realtors



(213) 627-1214  
900 Wilshire Blvd., Los Angeles, CA 90017  
(213) 538-3182  
19401 So. Vermont Ave., Torrance, CA 90502  
(818) 887-3404  
21243 Ventura Blvd., Woodland Hills, CA 91364



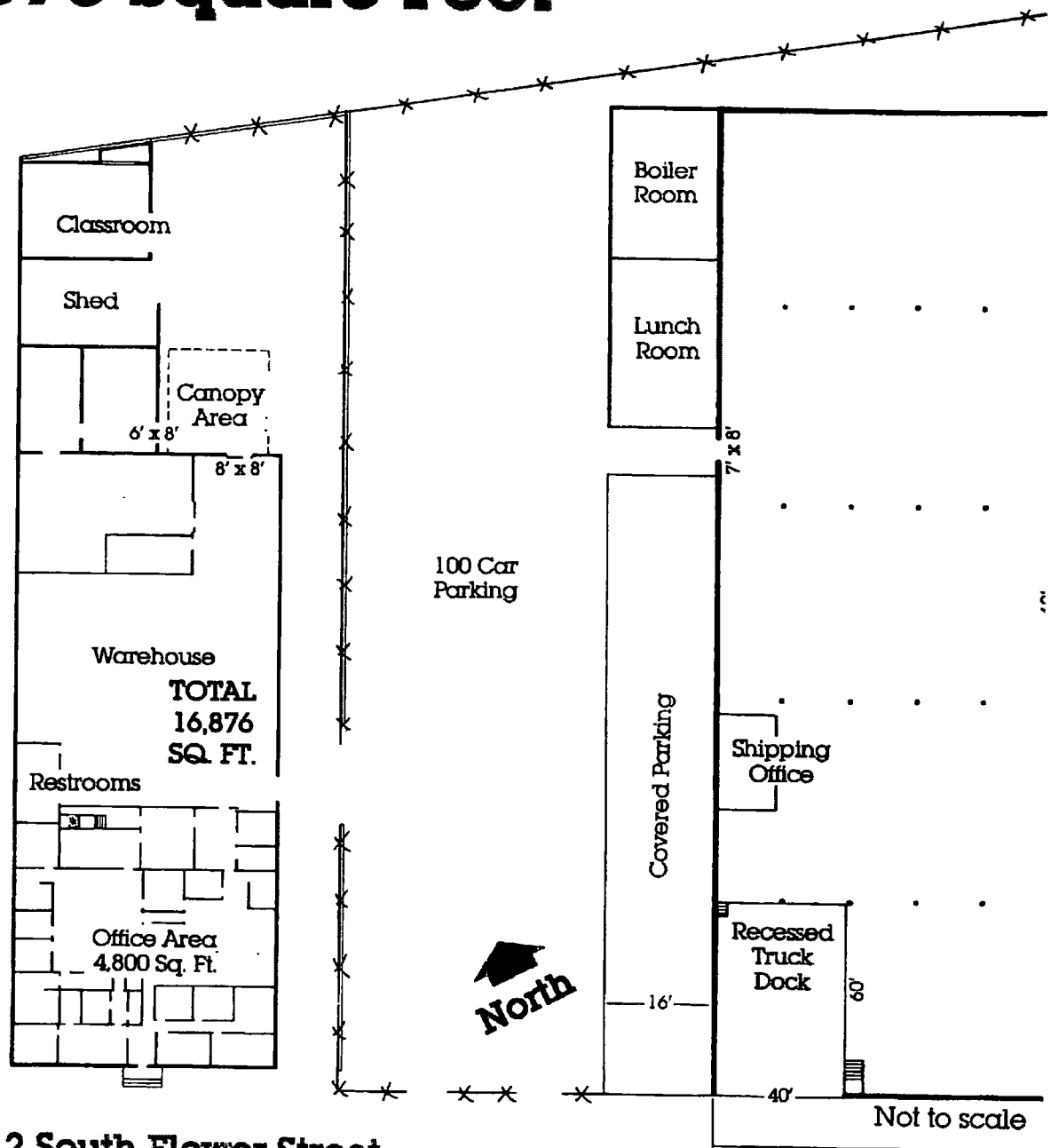
THE  
**Seeley**  
COMPANY

COMMERCIAL/INDUSTRIAL  
REAL ESTATE SINCE 1908  
Offices in Los Angeles, San Fernando Valley, San Gabriel Valley,  
South Bay and Orange County



# Two Buildings

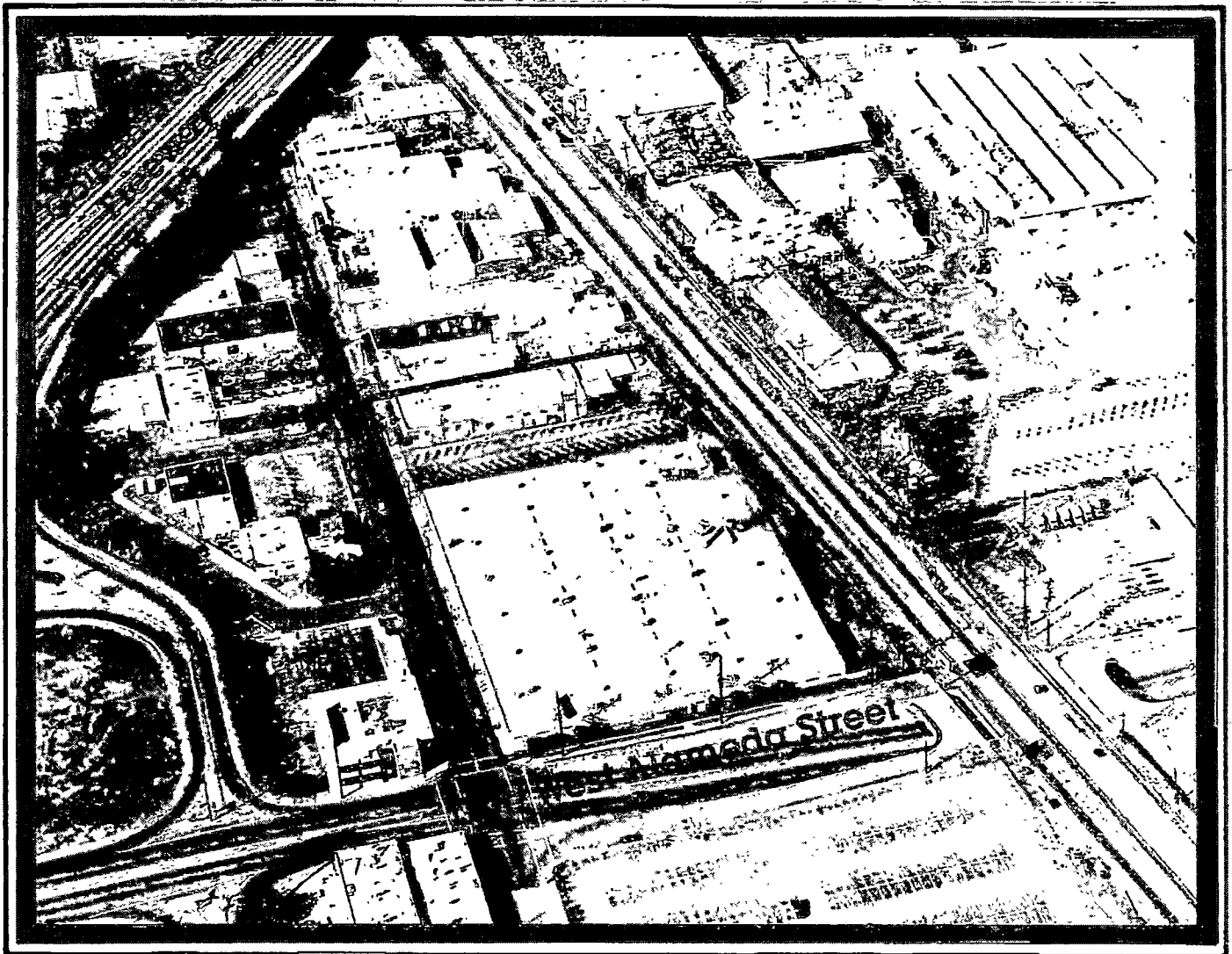
## 136,876 Square Feet



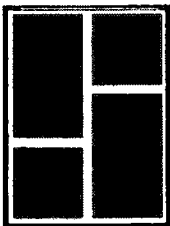
**812 South Flower Street**

- Concrete tilt-up construction
- Excellent freeway access
- Heavy power
- Sprinklered (16,876 s.f. building not sprinklered)
- Immediate occupancy
- Dock high or doors
- 10,800 s.f. offi

# AVAILABLE



**One West Alameda Avenue & 812 South Flower Street  
Burbank, California 91502**



**THE  
Seeley  
COMPANY**

COMMERCIAL/INDUSTRIAL  
REAL ESTATE SINCE 1908

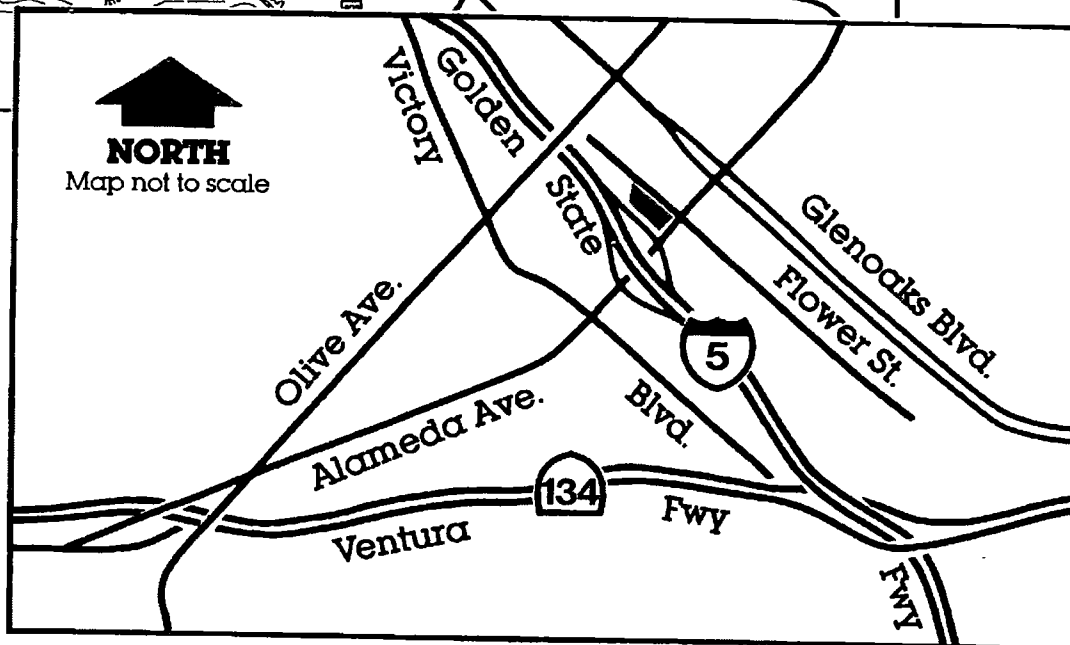
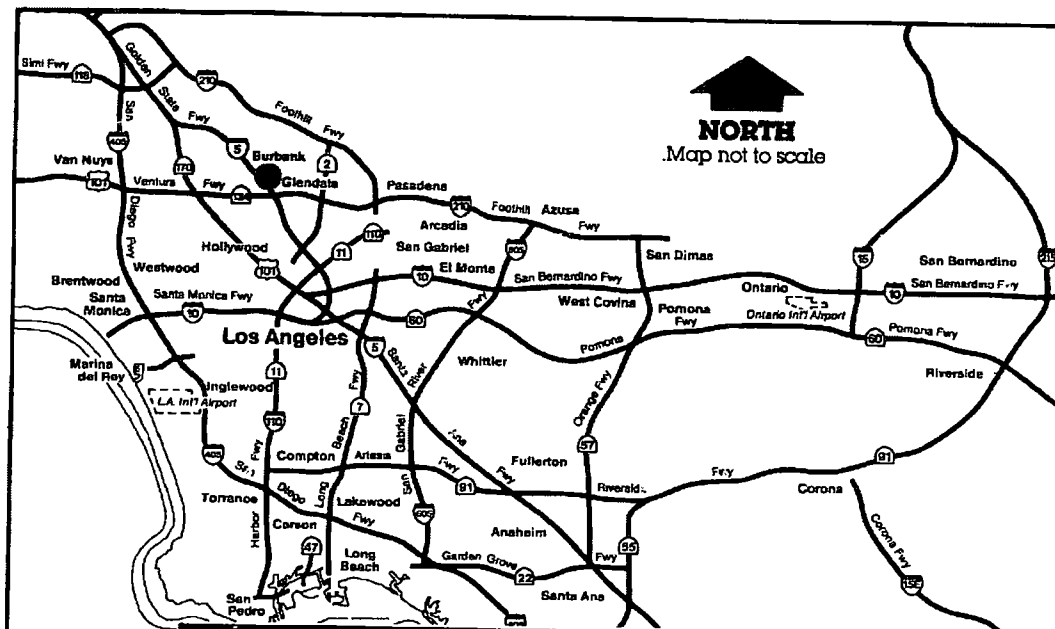
Contact Exclusive Agents:

**Warren H. Waite**  
(213) 627-1214

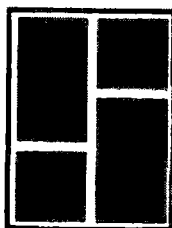
900 Wilshire Blvd., Los Angeles, CA 90017

**David A. Drummond**  
(213) 538-3182

19401 S. Vermont Ave., Torrance, CA 90502



"This statement is based upon information which we believe to be correct and is obtained from sources we regard as reliable but we assume no liability for errors or omissions therein".  
All dimensions are approximate.



**THE**  
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**COMPANY**

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Thirteen Individual Memberships  
Society of Industrial Realtors

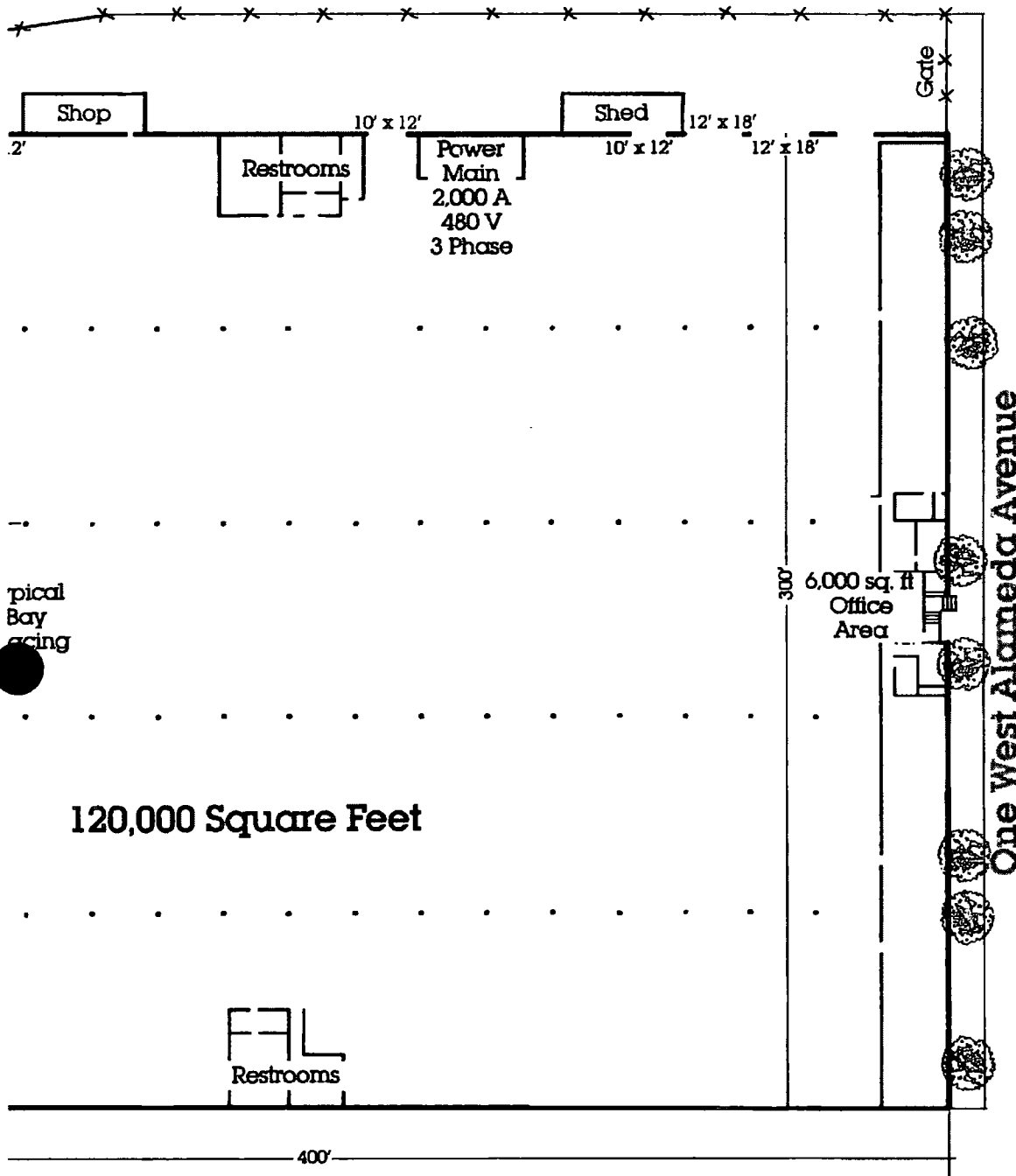
Owner/Member

**COLLIERS**  
International Property Consultants

Contact Exclusive Agents:

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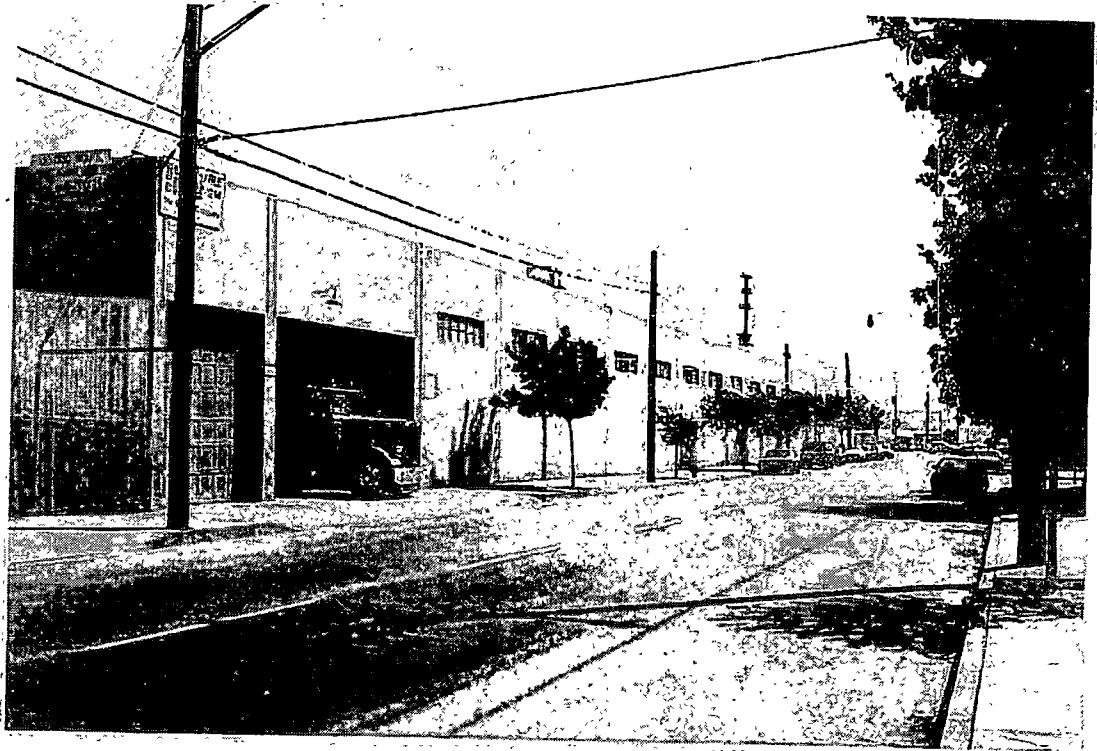
**David A. Drummond**  
(213) 538-3182



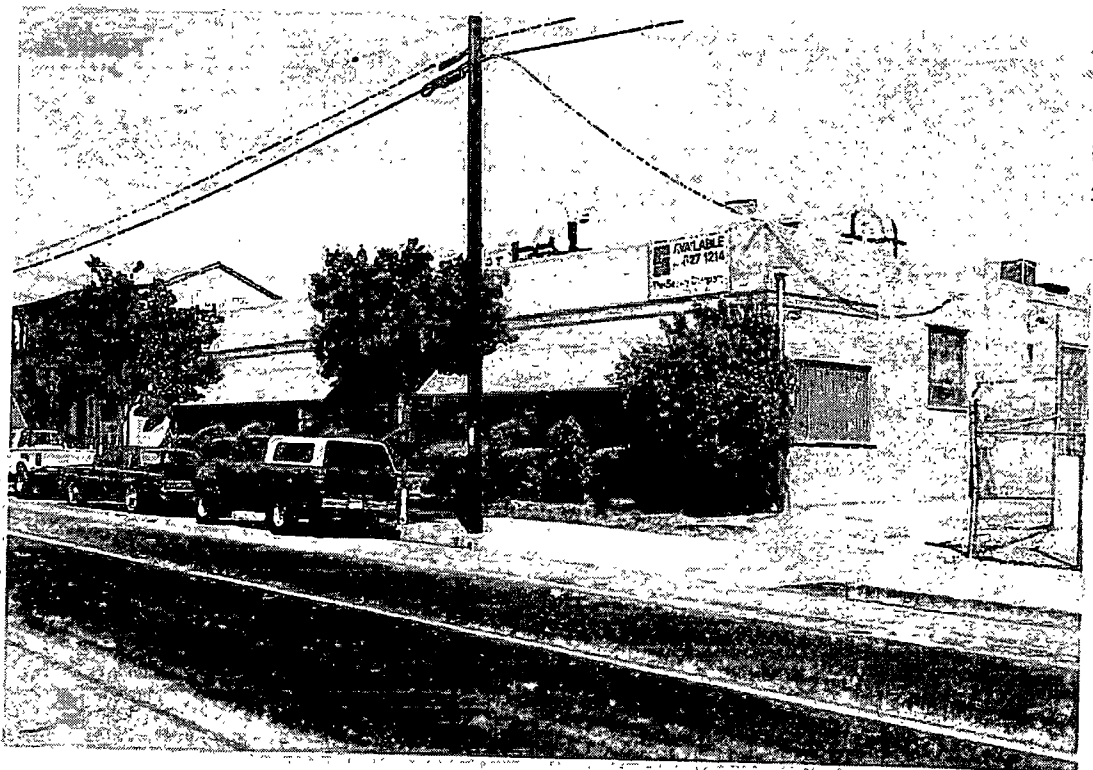
ground level • Space heating

space • 15'6" to 17' minimum ceiling clearance

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**David A. Drummond**  
(213) 538-3182



One West Alameda - View from Flower Street



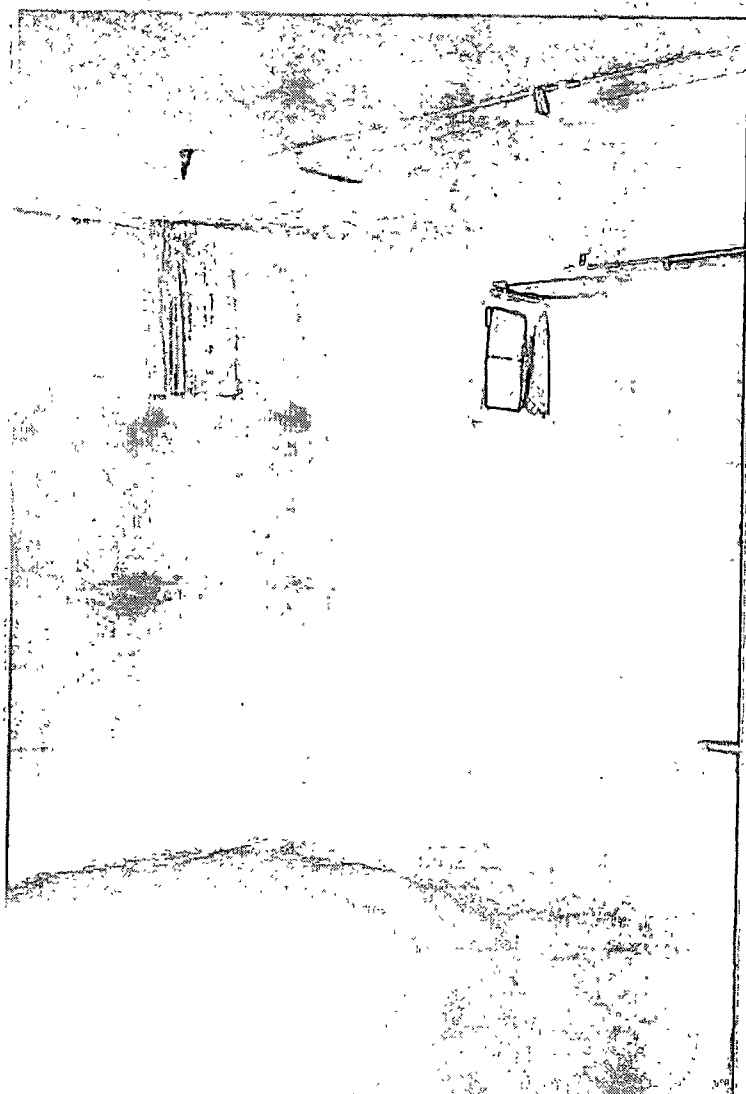
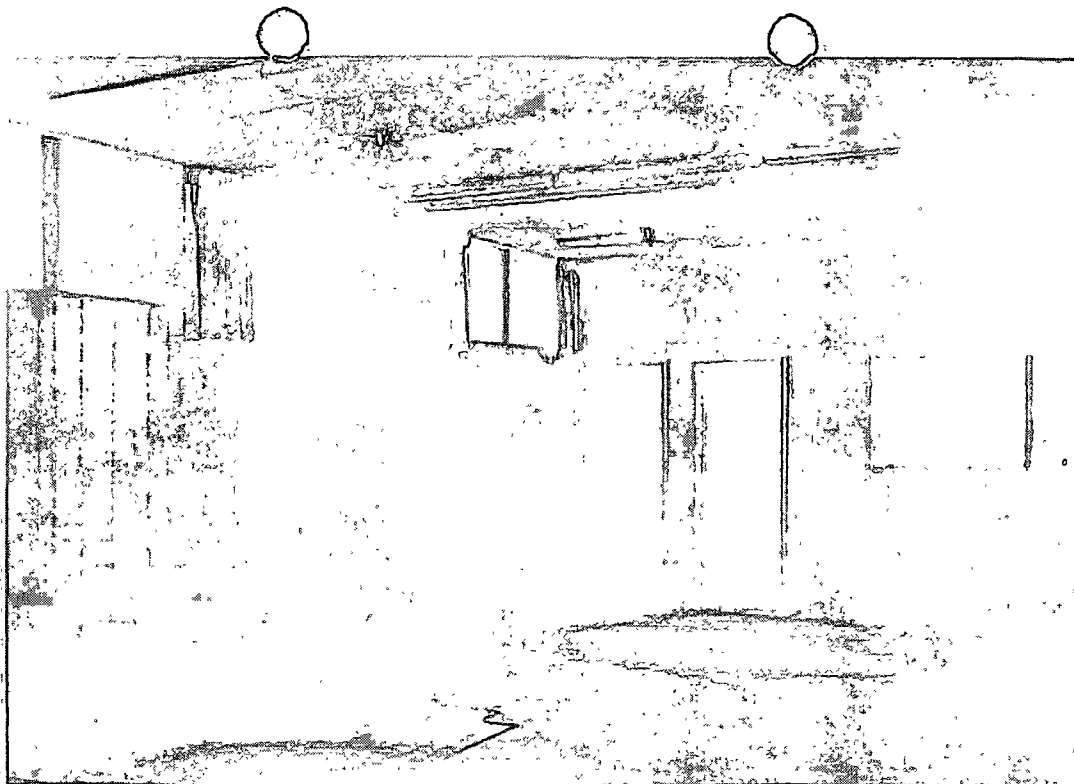
812 S. Flower



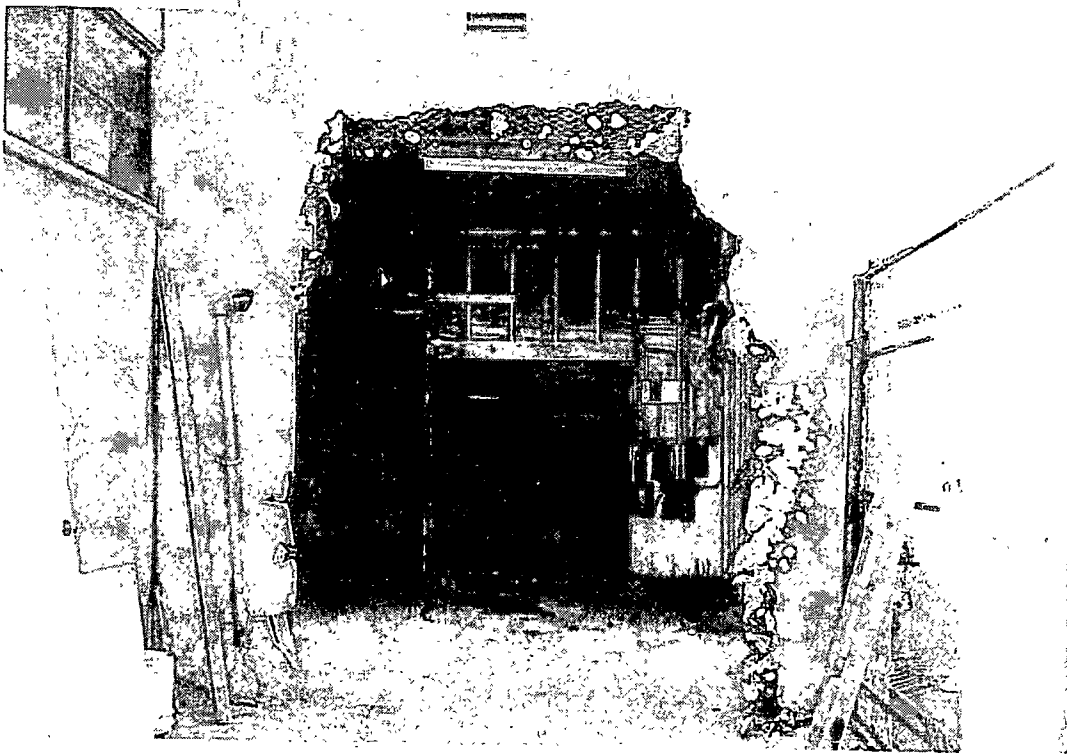
Parking lot facing One West Alameda



Parking lot facing 812 S. Flower



Office space  
in the  
One West  
Alameda  
Building

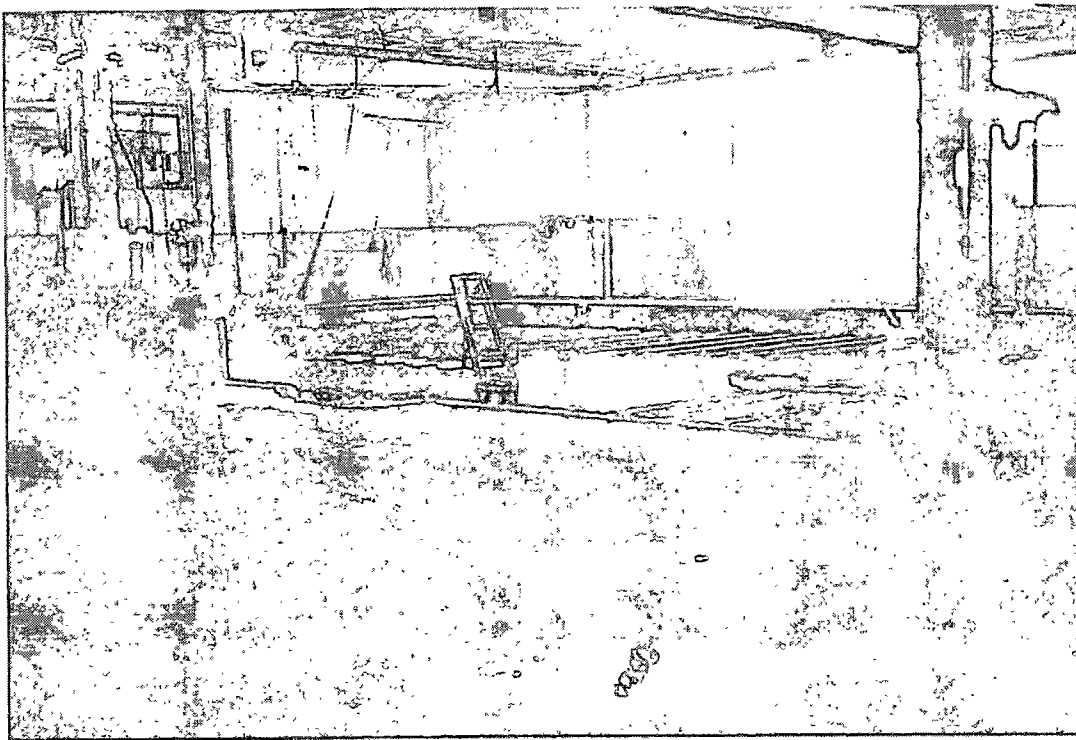


Boiler Room - One West Alameda

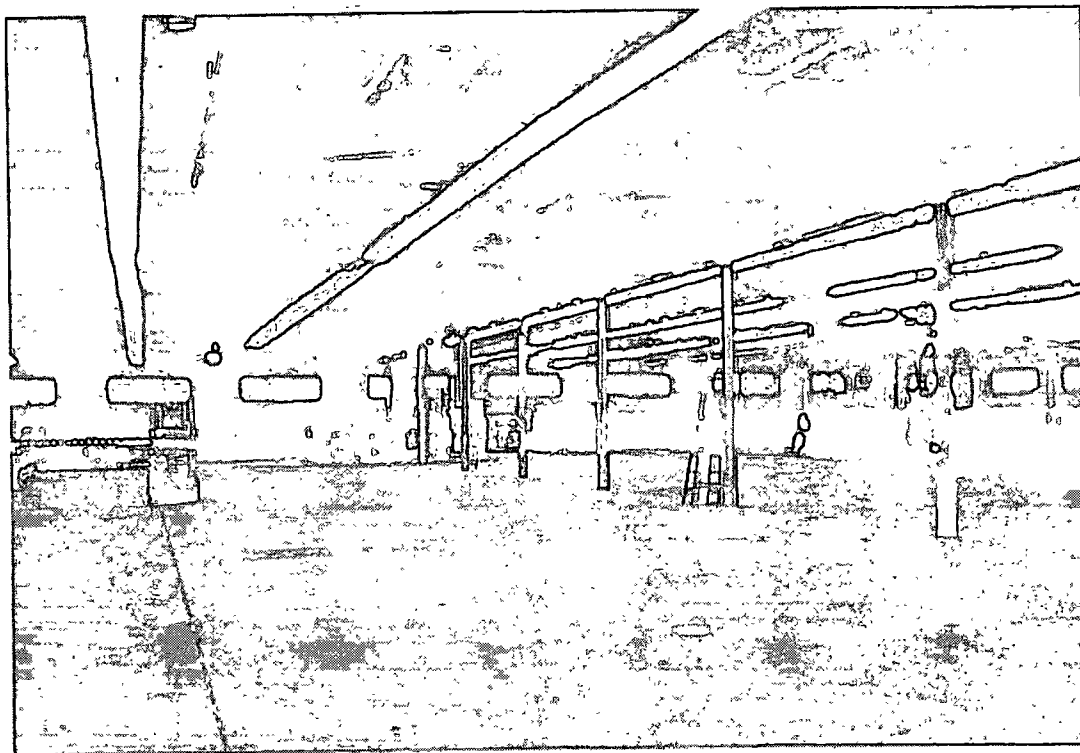


Compressor Pad area - One West Alameda

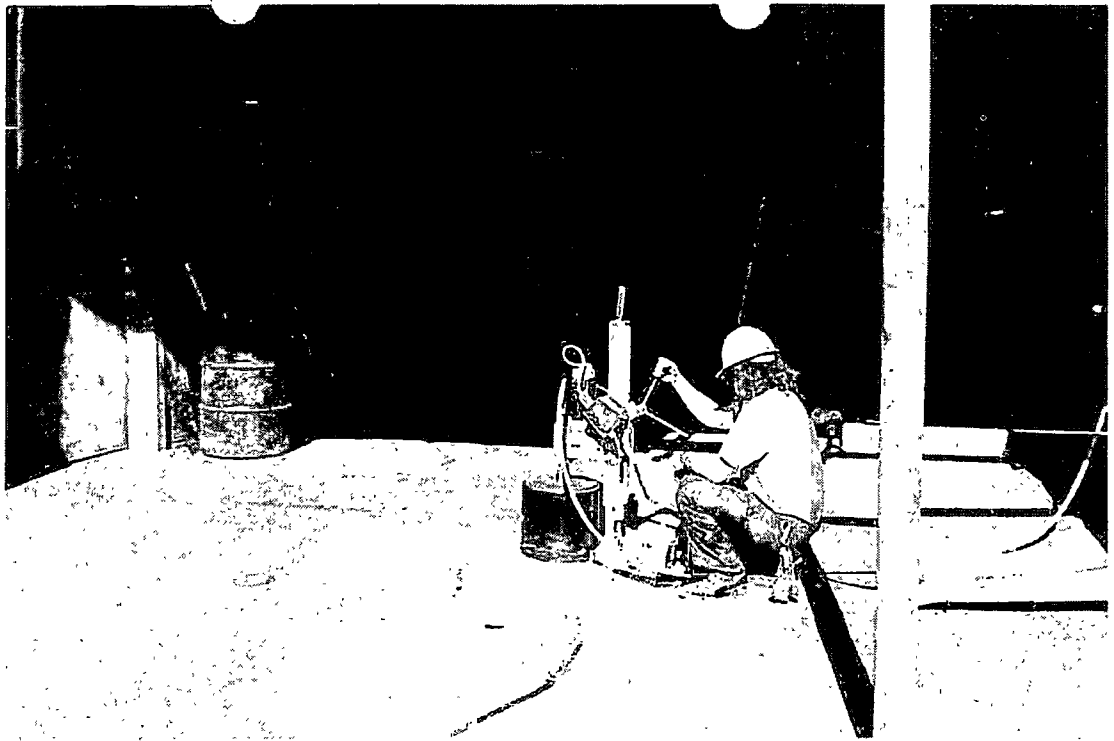




Chrome Plating Pit - One West Alameda



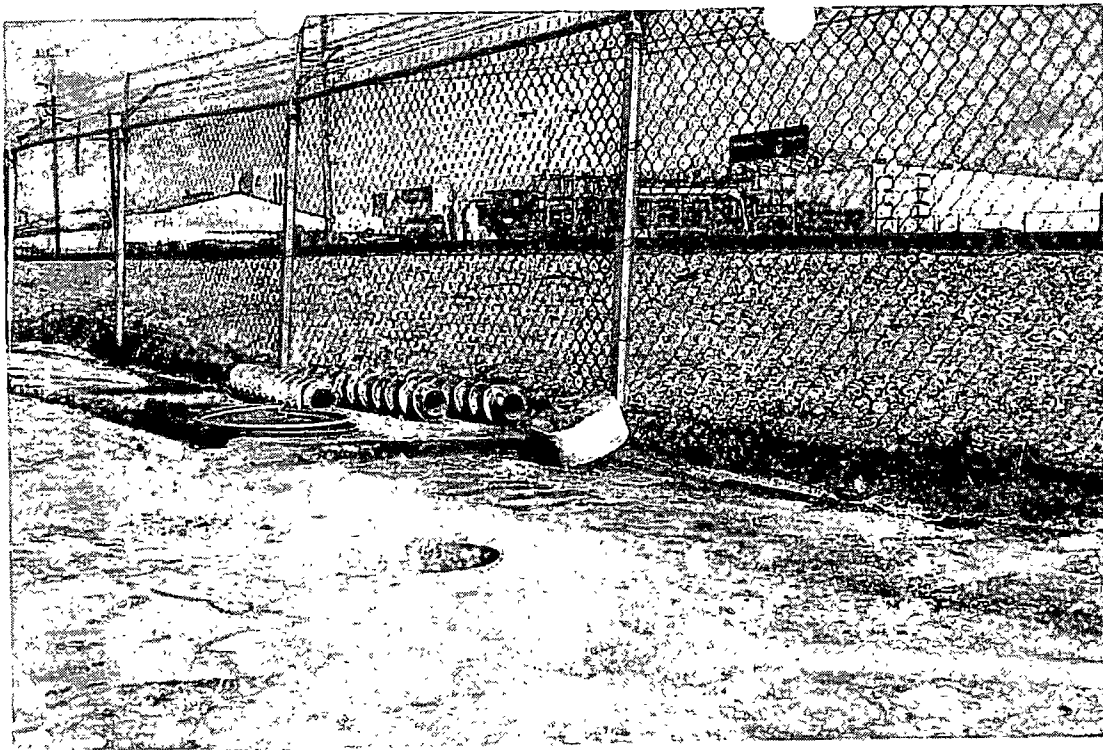
Warehouse area - One West Alameda



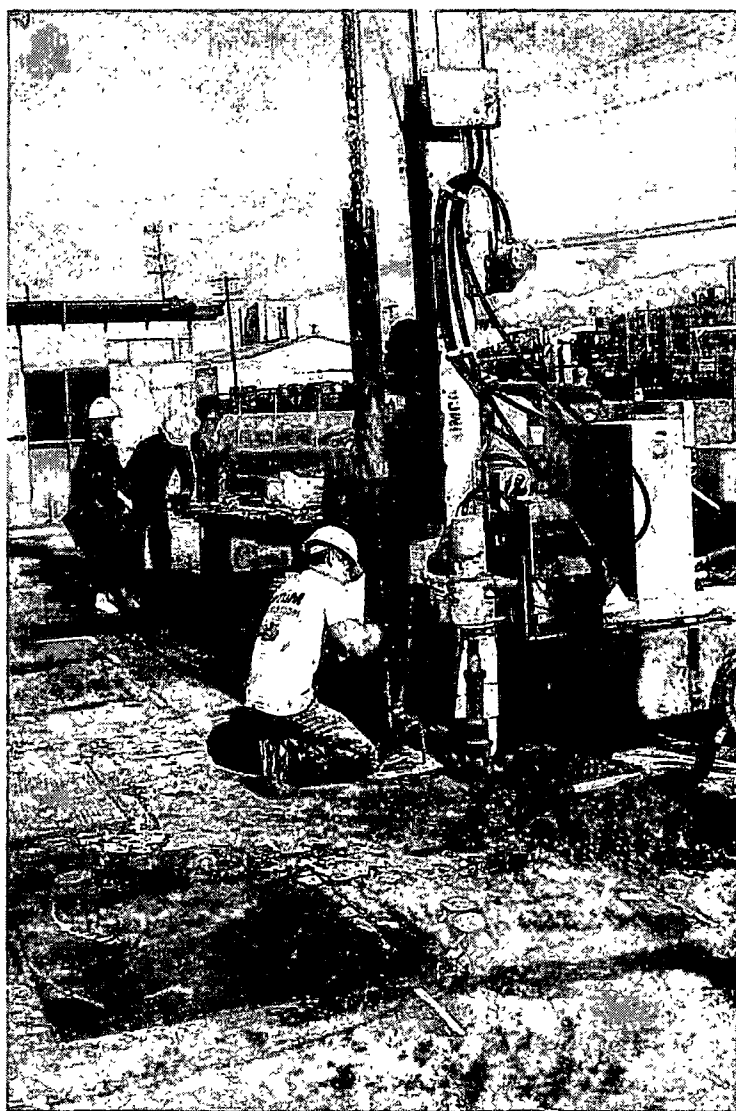
↑ Soil Sampling at  
812 S. Flower



← Warehouse area -  
812 S. Flower



↑ Soil core next to  
railroad spur — One  
West Alameda



← Testing underground  
tanks — One West  
Alameda